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This is a two-monthly review.

Every January the Review presents a full-length general survey of the economic situation.

Other issues contain a short general survey followed by special articles on
topical economic problems and studies of underlying trends.

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SUMMARY

The economic situation

Demand rose fast in the first quarter of this year; it will probably rise more slowly from now on. Exports for the moment seem to have stopped rising, investment in stocks will probably fall. On the other hand, the trend in fixed investment is still moving steadily upwards; and consumers' expenditure should continue to rise as well, as real incomes rise.

There has been no upward trend in consumers' spending on domestic appliances since the middle of last year. Since then there have been big increases in capacity and in imports; stocks have accumulated, and production is being cut back. Sales of cars have not weakened as much as those of other durable consumer goods; although home demand may not fall much there may be some slack in the industry in the autumn because of falling exports and growing capacity.

The Government's main economic preoccupation is the balance of payments. Imports have risen rapidly—exactly how much of the increase has gone into stocks is not known. There have been marginal imports of steel and some other materials, and a noticeable switch to United States sources of supply. Imports of manufactured goods are 50 per cent up on last year. Exports have fallen slightly since the first quarter: the expected increase to the sterling area has not occurred, and Britain's share in that market must have continued to fall. Some recovery in the trade balance is probable in the rest of the year, and Britain now has substantial reserves to meet short-term difficulties. But signs of competitive weakness both at home and abroad give ground for concern about the longer-term prospects. (*The Review's conclusions on this question are set out on pages 16 and 17.*)

World trade may now rise more slowly. The United States economy is not expanding, and her imports are not rising; Britain's own imports may possibly fall a little; primary producing countries' export prices have not risen since the beginning of the year; the sterling area's exports appear to be levelling off, and sooner or later their imports are likely to follow suit. The area where expansion—both in demand and trade—is most probable is on the Continent of Europe, and in particular among the six EEC countries. In spite of their rapid economic expansion, the Six have continued to accumulate gold and foreign exchange reserves fast this year.

World trade in manufactures

Britain's share in world trade in manufactures fell rather more last year than it did the year before: and—allowing for seasonality—her share probably went on falling in the first quarter of this year. The changing pattern of world trade accounts for less than a fifth of this falling share from 1954 to 1958. From 1958 to 1959, if one looks at the exports of the five main exporters to 'third markets', none of the fall in Britain's share is explained by the changing trade pattern; the whole of it appears to be due to loss of 'competitiveness'—almost entirely in the sterling area. An analysis of the Australian market suggests that this is at least partly because there is less discrimination in Britain's favour than there used to be; Britain, having enjoyed more preference and discrimination than most countries, stands to lose more from the world-wide move to freer trade. The United States share in trade in manufactures also fell last year; but a good deal of this is explained by the steel strike and the change in world trade pattern. This change in pattern benefited Germany most, and her 'competitive' gain was small. France's 'competitive' gain was substantial, and Japan's was the biggest of all.

Defence expenditure

From 1953 to 1959, the share of defence in Britain's gross national product fell from $10\frac{1}{2}$ to $7\frac{1}{2}$ per cent; this share is larger than in any other western country except the United States. Expenditure on nuclear weapons appears to be only a small part—about a tenth—of the total. The number of persons employed directly or indirectly on defence is now about $1\frac{3}{4}$ million; in 1954/55 it was $2\frac{1}{2}$ million. Nearly half the country's expenditure on research and development is for defence purposes. Defence takes about half the output of the aircraft industry, and about one-fifth of the output of the shipbuilding and ship-repairing industry. Military expenditure abroad is equal to about 5 per cent of Britain's total visible exports; this is partly offset by the expenditure of American troops in Britain and British exports of arms.

25 July 1960.

On pages 40 to 45, a set of chronological tables gives some of the main institutional economic changes of the last decade.

THE ECONOMIC SITUATION

HOME

In the past two months, the Government has again tightened credit. In the industries producing durable consumer goods, the pressure on resources began to ease early in the year. Investment in stocks probably reached its peak in the first quarter. Since then exports seem to have lost their momentum. If this continues, the growth of demand is likely to slow down. But stagnant exports would leave the balance of payments precarious.

The following review concentrates on trends in the industries producing durable consumer goods and on the balance of payments.

Trends in demand

In the first quarter of the year, for which partial national expenditure estimates are now available,⁽¹⁾ total demand is estimated to have risen by nearly 3 per cent; for one quarter this is an exceptionally large increase. The main cause was a further sharp rise in consumers' expenditure. There was also an increase in recorded investment in stocks. Trends in the different components of demand are reviewed in the following paragraphs.

Consumers' expenditure

It is now estimated that real consumers' expenditure (seasonally adjusted), which had risen by 2½ per cent in the fourth quarter, rose by a further 3 per cent in the first quarter. Owing mainly to an under-estimate of expenditure on food, we had previously estimated that the increase was only 1 per cent.

Consumers' expenditure on durables rose again, but in both the fourth and first quarters there were also big increases in spending on non-durable goods and services (table 1). This appears to have continued in the second quarter: for the two months April and May (taken together) the retail sales index shows a rise in sales of non-durable goods of 2 per cent (seasonally corrected). Sales of clothing and of footwear rose particularly sharply: the figure for the two combined was 5 to 6 per cent higher than in the first quarter and 11 per cent above the 1959 average.

Sales of durables have been influenced by the re-imposition of hire purchase restrictions at the end of April. Sales of furniture were broadly maintained in April but they showed a slight fall (seasonally

corrected) in May. After allowance for seasonal variation, retail sales of radio and electrical goods were roughly stable between March and April, but fell quite sharply in May. In both cases, sales hit their peak in the second quarter of 1959 following the Budget and since then have fluctuated at or below that level (chart 2, page 7). The provisional figures indicate that in June total retail sales remained at about the same level as in April and May.

Table 1. The rise in real consumers' expenditure

Per cent change on previous quarter, seasonally adjusted

			Total	Durables	Other
1958	IV		2.3	14.9	1.2
1959	I		0.1	-3.1	0.4
	II		2.7	16.2	1.5
	III		-1.5	-5.0	-1.1
	IV		2.6	8.5	2.0
1960	I		3.0	7.5	2.5

Source: Appendix table 8.

Sales of cars, for which there were waiting lists, have, as expected, been more buoyant than those of other durables. Having risen sharply at the end of 1959, car sales continued at a fairly steady level in April and May and—so far as can be estimated from hire purchase data—in June too. Supplies still generally set the limit: as noted later, although delivery delays have decreased, they still persist for the most popular models.

The figures for hire purchase debt outstanding are gathered with some delay and scarcely yet reflect the full impact of the hire purchase restrictions. The figures for May show a considerably smaller rise in total debt outstanding than before—£15 million compared with an average of £30 million per month in the preceding two months. The increase in debt outstanding is likely soon to stop.

Total consumers' expenditure will probably continue to rise. The wage round, as noted later, is going ahead, and the continuing increase in incomes, which may be accompanied by only a slight rise in consumer prices, should probably mean a continued rise in spending. The rate of increase is, however, likely to be lower than it has been recently; and expenditure on durable goods may fluctuate round its present level.

⁽¹⁾At the time of going to press the complete official estimates of national expenditure in the first quarter were not available.

Investment in stocks

In the first quarter of the year, the recorded rate of investment in stocks in the three main sectors—manufacturing, wholesale and retail trade—reached a level comparable with that in the first quarter of 1957, when stocks were being rebuilt after the Suez crisis.⁽¹⁾ The increase in stocks was large in manufacturing industry and retail trade, comparatively small in wholesale trade. It appears to have consisted mainly of raw materials and fuel, and finished goods. Both manufacturers' and retailers' stocks of finished goods rose sharply. Work in progress in manufacturing was comparatively stable.

There has not yet been much change in the general ratio of stocks to turnover, except for finished goods. Nevertheless it is unlikely that the *rate of investment in stocks* will go on rising. If it simply remains constant, that will mean the cessation of an expansionary force. If, as is more likely, it declines that will be a contractionary force. The recent tightening of credit may perhaps accentuate any such reaction, but it is likely to be unimportant compared with the automatic reaction: stock cycles are always self-correcting, usually quite quickly.

There is evidence of excess stocks of durable goods (page 7). Although the evidence is indirect, there must have been some restocking of industrial materials that are mainly imported as well as restocking of home-produced materials (page 12). Investment in stocks of steel is known to have started again at the end of last year, following the earlier destocking.

The only available information going beyond the first quarter is for retail stocks. In April and May they rose at about the same rate as in the first quarter.

Fixed investment

Total fixed investment probably rose about 2-3 per cent in the first quarter—about the same rate of rise as that during last year. Investment by private manufacturing industry still has not fully recovered from the 1958 recession, but is now the most rapidly rising element in the total. In the first quarter it rose sharply to a level 7 per cent higher than in the second half of last year. The largest proportionate increase was in investment in vehicles; investment in building showed a further large rise; investment in plant and machinery which has been slower to recover, rose moderately: judging by the figures for engineering orders, it should now rise quite rapidly (table 2).

Public house-building remained about constant in the first quarter, but new starts were down and a decline is likely later in the year. Work done on private house-building rose slightly and new orders

again increased substantially. There appears to be a considerable backlog of unsatisfied orders for private houses: new orders have been markedly exceeding work done since the beginning of 1959. A continuing high level of activity therefore seems assured for some time ahead, even if tighter credit does moderate the flow of new orders.

Table 2. Capital expenditure by manufacturing industry

£ million, 1954 prices, quarterly rates, seasonally adjusted

	Total	Plant and machinery	Building work	Vehicles
1954 ..	145	101	35	9
1955 ..	161	106	44	11
1956 ..	183	121	52	10
1957 ..	192	130	53	9
1958 ..	182	124	48	10
1959 I	164	110	42	12
II	166	112	41	13
III	169	116	42	11
IV	172	112	48	12
1960 I	183	116	52	15

Source: *Board of Trade Journal*, seasonally adjusted by NIESR

Public sector investment is now levelling out, and the present 1960/61 programme implies little further increase during the year. The recent announcement⁽²⁾ indicates that the Government intends no further increase in 1961/62.

In total, there is no change in the immediate investment prospect—a rise of 2-3 per cent a quarter to the end of the year.⁽³⁾

The outlook for demand

Exports, which are discussed later (page 12), have been disappointing and may not rise much in the months ahead. Government current expenditure on goods and services continues to edge upwards, but is not an important expansionary force. The main sources of expansion now are fixed investment and consumers' expenditure. There is a lot of planned investment in the pipeline and so far little sign—though signs come in only with some delay—of a change in the inflow of new plans. Rising real income still seems likely to produce some rise in consumers' expenditure. Investment in stocks is unlikely to decline so much as to outweigh the growth of fixed investment and consumption. A continuing rise in total demand, albeit slower than before, therefore seems probable.

⁽²⁾ *Weekly Hansard* no. 493, col. 651.

⁽³⁾ *National Institute Economic Review*, no. 9, May 1960, page 9.

⁽¹⁾ Appendix, table 12.

Production

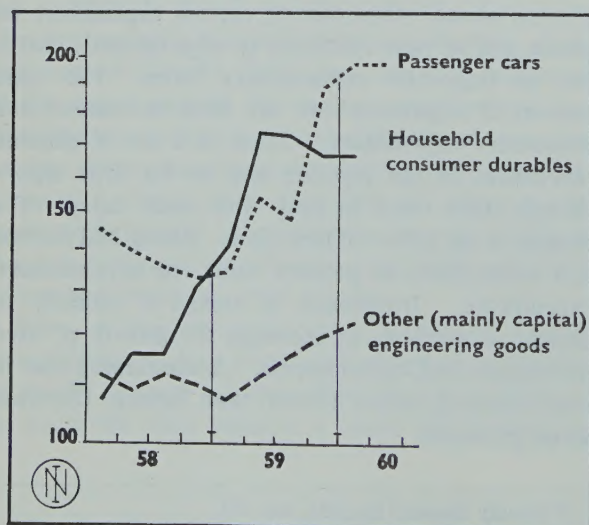
With demand rising, industrial production has continued its upward trend. After little change from January to March, the index of industrial production rose by about 2 per cent in April. It is provisionally estimated to have fallen back fractionally in May. But the provisional figures are revised so heavily that this estimate is scarcely significant. It cannot yet be said that the index has slowed down.

The rise in industrial production has been increasingly due to higher output of producers' goods (chart 1). This is evident in the metal-using industries. In the early phases of expansion, domestic appliances and vehicles were the most dynamic elements. Now output of capital goods is rising fastest. The one exception is shipbuilding, where output in the first quarter was still 10 per cent down on a year earlier. At the other extreme, output of metals was 28 per cent up, partly due to the swing from destocking to restocking.

In the months ahead, the rate of increase in industrial production may slow down. In industries producing durable consumers' goods, demand is likely to be the limit. By the autumn this may well be true of cars too and of some of the industries whose products have been going into stock. But over quite a wide field the limit is likely to be on the supply side.

Chart 1. Production in the metal-using industries : capital and consumer goods

Index numbers, 1954 = 100, seasonally adjusted, ratio scale



Source : Appendix table 2.

Employment

In June and July, unemployment, seasonally adjusted, which had been falling, remained almost steady for the first time since March 1959. The rise in unfilled vacancies, seasonally corrected, continued in June, but in July it slowed down too. It is difficult to tell much from figures for two months. But this may mean that the slack that was developing in the durable consumer goods industries offset any increases in demand elsewhere. In June the figures for unfilled vacancies and numbers unemployed were nearly equal at about $1\frac{1}{2}$ per cent of the labour force.

In the first five months of the year, total civil employment continued to rise about as fast as it did last year. Employment rose by 2 per cent in manufacturing and by $1\frac{1}{4}$ per cent in industry as a whole. The decline in agriculture, mining and transport continued. The shipbuilding industry continued to shed labour whilst the engineering industry generally showed the fastest rise in employment.

Wages and prices

By the end of May the number of workers who had received a wage increase or a reduction in the standard working week this year had reached $9\frac{3}{4}$ million—about two-thirds of the total number of wage-earners. The average increase in hourly rates was still about 5 per cent.

Whereas average wage costs per unit of output were falling until about the end of last year, they appear to have risen in the first few months of this year when the increase in wages outstripped the rise in productivity. It would be wrong to set too much store by the figures for one quarter. But if the rise in output slows down, either through lack of demand or through bottlenecks, the next wage round is bound to bring a rise in costs. Wholesale prices of manufactures have risen slightly, the most marked rise being in prices of textile manufactures. In June, retail prices rose slightly, having previously remained virtually stable. Until April falling food prices offset increases elsewhere. In May, food prices rose, but the seasonal fall in fuel prices stabilised the index. In June there was a seasonal rise in vegetable prices and a further rise in rail fares.

Consumer durables

To supplement the statistical information on the market for durable consumer goods, enquiries have been made of about twenty firms and marketing organisations and of fifteen motor dealers and agents. The enquiries were confined to the main domestic appliances and to cars. Furniture was omitted.

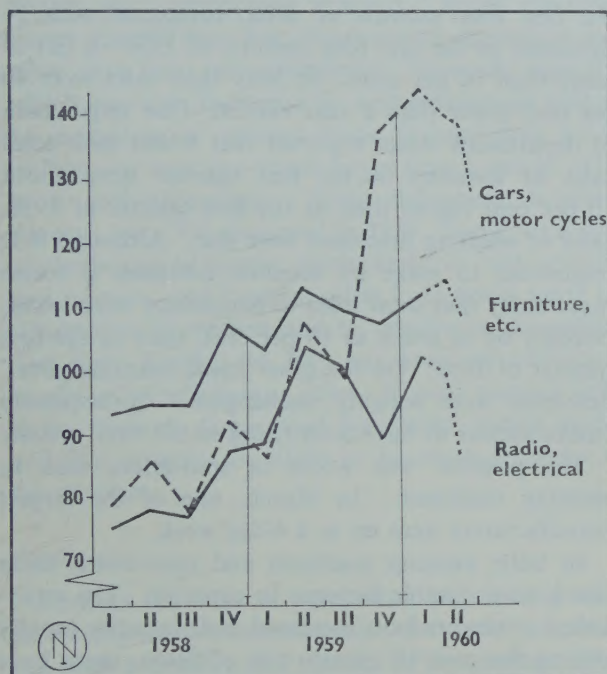
Domestic appliances

It is clear that the market for domestic appliances was softening well before the Government re-introduced hire purchase restrictions. The figures of retail sales, which are used in estimating consumers' expenditure, appear to under-estimate sales of radio and electrical goods.⁽¹⁾

Nevertheless they show pretty clearly that demand for radio and electrical goods, after the spurt at the end of 1958, has shown at best a hesitant upward trend since the middle of last year. The quarter-to-quarter pattern has been erratic. But this must have been due, in part at least, to the difference between the Budgets in the two years. In 1959 sales were low before the Budget when tax reductions were commonly expected. In 1960, when a stand-still or restrictive Budget was expected, they were high before the Budget (chart 2).

Chart 2. Consumers' expenditure on durable goods

£ million, 1954 prices, seasonally adjusted



Source: Appendix table 8.

When allowance is made for these factors, there is little sign of any upward trend. It is also clear from the data on production and deliveries given below (table 3) that in the first quarter manufacturers of a number of appliances were already feeling a decline in trade.

⁽¹⁾The official estimates, used in chart 2, are based on indices of sales by retail shops classified according to their main business. It appears that because furniture shops have been selling domestic appliances on an increasing scale, the indices exaggerate furniture sales and under-estimate sales of appliances.

Table 3. Home deliveries of selected domestic appliances

Thousands

	1959 I	1960 I	Per cent change
Domestic refrigerators ..	123	245	+100
Gas cookers	221	194	- 13
Electric cookers ^(a)	121	123	+ 2
Washing machines ^(b) ..	227	227	—
Vacuum cleaners ^(b)	322	312	- 3
Television sets	514	415	- 19
Electric blankets ^(b)	147	230	+ 56
Dryshavers ^(b)	90	135	+ 50
Electric irons ^(b)	267	398	+ 49
Watches	308	392	+ 27
Radios	314	413	+ 31

Source: *Monthly Digest of Statistics*, supplemented by information supplied by BEAMA.

(a) Production.

(b) Figures from the middle of 1959 were collected on a slightly different basis and are therefore not strictly comparable.

From our enquiries to the trade it is evident that there have been large increases in capacity and production during the past eighteen months. During last year, expectations about sales in 1960 appear generally to have been optimistic. This led both to considerable expansion of plans by existing producers and to the opening up of new capacity by new entrants into the industry. This competitive expansion of domestic capacity was accompanied by a considerable rise in imports. Wholesalers are reported to have contracted in advance for substantial import deliveries in the first half of this year, particularly for refrigerators. When demand did not live up to expectations, stocks accumulated in the hands of retailers and wholesalers and, eventually, of manufacturers. In response to this situation, manufacturers began to cut back production, though often they have been hesitant to do so and have allowed stocks to accumulate. In so far as they have done this, it of course means that the eventual cut-back in production will be the more violent, to dispose of the excess stocks. The position varies widely from firm to firm according to the popularity of the product and other factors. Some firms, Hoover for example, have already announced dismissals, others are running down their labour force through wastage, others are on short-time and yet others are still busy. There was little support for the view that exports could or would take up the slack.

The softening of the market in this way appears to be mainly confined to the more expensive and large durable goods such as washing machines, television sets and cookers. Smaller appliances such as electric irons, electric shavers and blankets appear to have been doing better, at least up to the end of the first

quarter of the year. The softening of the market for the major durables has not been by any means simultaneous. Rather it appears that the market for one appliance after another has turned. The evidence available on the most important appliances is set out below.

Television sets and radios

Television sets were the first major appliance for which the market softened. There was evidence at the end of last year that after a 'bunching' of demand in 1959 sales would fall in 1960 leaving excess capacity.⁽¹⁾ A few firms foresaw this situation and cut back their production schedules at the beginning of the year. But most over-produced during the first few months of the year. In the four months from January to April, production of television sets was well above deliveries to the trade (table 4) and deliveries were ahead of retail sales. As a result, manufacturers are now carrying heavy stocks, amounting in total to over half a million sets. Total stocks, including those held by retailers, are probably around 1 million sets. That compares with retail sales last year of something over 2½ million and with likely sales this year nearer to 2 million. Total capacity is probably near 3 million sets.

Table 4. Television sets : production and deliveries

	<i>Thousands</i>	
	January-April 1959	January-April 1960
Production	766	829
Deliveries (home and export)	698	545

Source : *Monthly Digest of Statistics*.

In the face of these excess stocks and spare capacity, prices appear to be weakening, mainly through various circumventions of the formally maintained prices. 'Special offers' to retailers are commonly reported; old models are being sold by retailers below the list price, apparently with the encouragement or at least indifference of the manufacturer. Some firms question whether resale price maintenance can long continue.

It is clear that there will be heavy spare capacity in the months ahead when destocking is likely and probably continuing spare capacity thereafter. To some extent, however, capacity can probably be adapted to other products. Manufacturers are reported to be reducing employment by allowing the high rate of wastage in their labour force, which is mainly female, to take its course. There appears to

have been little overt sacking. Overtime is now rare and short-time is reported here and there.

Transistor radios have been enjoying a boom, but there have been a number of new entrants into the field and the market is becoming more competitive. The new quota for Japanese imports will add more competition. The hire purchase restrictions appear to be having little direct impact, but the weakening of the television market may cause manufacturers to intensify their efforts in this field.

Washing machines and spin-driers.

The announcement by Hoover that they intended to dismiss 800 men, mainly engaged in the manufacture of washing machines, first brought home to a wide public that there had been a big change in the market for consumer durables. It appears that retail sales were weakening in the first four months of the year, before hire purchase restrictions were re-introduced, and that they then fell more sharply in May. Sales by the Area Electricity Boards, which account for 15 to 20 per cent of total sales, were 48 thousand in the first four months of 1960, compared with 54 thousand in the first four months of 1959—a fall of more than 10 per cent. In May their sales were 40 per cent lower than a year earlier. One large chain of department stores reported that whilst their total sales of durables in the first quarter were about 10 per cent higher than in the first quarter of 1959, sales of washing machines were flat. Although it is impossible to make an accurate estimate, it seems most likely that total sales to consumers were lower, possibly by as much as 10 per cent, than in the first quarter of 1959. On the other hand, manufacturers' deliveries were roughly unchanged. Consequently stocks appear to have been rising in the first quarter.

The position was worse in spin-driers than in washing machines. In March, one of the largest manufacturers went on to a 4-day week.

In both washing machines and spin-driers, there has been a notable increase in capacity. The established producers have increased their capacity rapidly during the past 18 months; in addition, there have been some new entrants who, starting from scratch, have increased their capacity at a remarkable rate—in one case up to about 200 thousand washing machines a year, with plans for further expansion to 400 thousand by the end of this year. Total capacity for washing machines is now probably in excess of 1½ million. But stocks do not appear to have accumulated on a scale comparable to that of television sets. However they are, it seems, rather high and excess capacity seems bound to prevail for some time. Here again, however, there is considerable difference between the positions of different manufacturers, some of whom are still busy.

⁽¹⁾See *National Institute Economic Review*, no. 7, January 1960, page 27.

Refrigerators

In the expectation of a record summer season, wholesalers and retailers stocked up heavily in the first four months of the year. Manufacturers' home deliveries were 385 thousand in this period compared to 216 thousand in the same period of 1959. At the same time imports were about 100 thousand compared to 17 thousand in the first four months of 1959. Both home deliveries and imports continued at a very high level in May. But whereas in the first four months retail sales were somewhat higher than in 1959, there were indications of a setback in May. Area Electricity Board sales, which were 25 per cent up on 1959 in the first four months, were more than 20 per cent below 1959 in May, after the re-introduction of hire purchase restrictions. Allowance must be made for the fact that May 1959 was a peak month for Area Board sales and that the number of retail outlets has increased substantially since then. Nevertheless there are reports from other sources of some setback to sales in May. By the end of June it was clear that total supply was outstripping demand. Some manufacturers are still busy but others are on short-time and there have been some dismissals. Domestic capacity, which has been increased by new entrants as well as by expansion of existing firms, is now close to 1½ million—at least two-thirds larger than it was in 1958. It is still expanding. Total deliveries, including exports, were 935 thousand in 1959. Some price cuts are beginning to appear, particularly on 'old models' and imports, and 'special offers' are being made by wholesalers to retailers and by retailers to the public. The poor weather in July has been an additional handicap to refrigerator sales. If poor weather continues through August and September, excess stocks and idle capacity are likely to be acute problems in the autumn.

Cookers

Cookers are more of a necessity and fewer people are buying them for the first time. But here, too, there has been a considerable change in the market. One of the largest manufacturers went on to short-time in March and another important manufacturer has gone over to short-time recently. The Area Electricity Boards sold almost the same number of cookers in the first four months of this year as in the same period of 1959 and, in contrast with other appliances, their sales scarcely fell in May. Since the Area Boards are the biggest outlet for cookers, this suggests that final sales have been less affected by the restrictions than have sales of other appliances. This probably reflects the fact that hire purchase restrictions on cookers—10 per cent down and four years to pay—are easier than those for other goods. The over-supply seems

to be due to an increase in capacity for electric cookers.

Cars

The market for motor-cars has not yet weakened to the same extent as has the market for domestic appliances. Before the introduction of hire purchase restrictions, output had risen substantially and, unlike last year, there was no real increase in exports, after allowance for seasonal variation. Hence home deliveries rose sharply. Imports were also rising, and delivery delays eased in the early months of the year. Since hire purchase restrictions were re-introduced at the end of April waiting lists have declined further and there has been a heavy fall in the price of second-hand cars. It is difficult to measure delivery delays accurately. But from our enquiries it appeared that there are now delays for only the few most popular models.

As a result of the easing in the market at home and in the United States, Vauxhall announced in June that they had stopped all overtime. They have recently suspended resale price maintenance. The British Motor Corporation has reduced production schedules at the MG and Riley factory. There was apprehension in the trade about the outlook for the autumn and beyond. This was partly because of the shortening waiting lists at home, partly because stocks have accumulated in the United States. So far it is the prospects for British cars in the United States which have caused the greatest anxiety. Sales of some British models, particularly saloon cars, have fallen sharply, partly because of increased competition from American-made 'compact' cars. American manufacturers are intensifying their efforts in this field and competition is likely to become more severe in the autumn and 1961, possibly extending to smaller cars. Taking into account the normal seasonal drop in exports in the third quarter, and the seasonal decline in the home trade in the winter, it seems likely that passenger cars will follow the other durable goods and that idle capacity will develop in the coming months.

This view does not imply a collapse in home demand. A fairly stable *trend* of home demand might be accompanied by slack in the industry caused by stronger foreign competition, the seasonal decline in home and foreign demand, and the growth of capacity.

The balance of payments

The balance of payments estimates for the first quarter were unexpectedly favourable, mainly because the figure of payments for imports moved much more favourably than the figure of import arrivals. Allowing for seasonal factors, there had been a swing in the opposite direction in the fourth quarter of last year.

The abnormal behaviour of the gap between the two sets of figures appears to have been mainly due to temporary causes, including leads and lags in payments. Allowing for that, the visible balance in the first quarter was weak; the trade figures show that it has since got worse. The invisible balance was better in the first quarter than in the fourth, but it was still disappointing.

Imports

Imports continued to grow in May. The June figures, of which no details are yet available, show a slight decline, seasonally corrected. In the first six months of the year, they were 14 per cent higher in volume than in the same period of 1959. The increase greatly exceeded the rise in output (table 5).

Table 5. Production and imports

Index numbers, 1954 = 100

	Gross domestic product	Industrial production	Total import volume	Volume of imports of industrial materials ^(a)
				<i>seasonally adjusted</i> <i>unadjusted</i>
1958 I	106	107	113	108
II	106	106	111	100
III	106	105	114	94
IV	107	106	118	105
1959 I	108	108	120	103
II	110	111	120	112
III	112	113	121	107
IV	114	117	130	122
1960 I	115	119	136	128
II	..	121/22 ^(b)	138 ^(p)	..

Source : Appendix tables 1, 2, 14 and 15.

(a) Adjusted for changes in stocks of selected imported materials.

(b) April/May only.

(p) Provisional.

The disproportionate increase appears to have been partly due to the turn round from destocking to restocking of materials and to the overspill of home demand where capacity is overloaded. Both of these are short-term problems. But it also appears partly to reflect the competitive weakness of some British industries and the effects of liberalising dollar imports.

Imports by commodity

Food imports have been comparatively stable. Their value was the same in the first five months of 1960 as a year earlier.

Imports of basic materials were more than 20 per cent higher than in the first five months of 1959, but they did not rise in the last three months : from March

to May they were slightly lower (in value) than they were from December to February. Arrivals of wool and a few other materials have recently eased off.

Compared with a year earlier, the increases in the value of imports of a variety of materials are dramatic : chemicals 44 per cent, wood manufactures and paper 25 per cent, manufactured textiles more than 50 per cent, iron and steel 155 per cent and non-ferrous metals nearly 50 per cent. The amount paid for manufactured cotton goods (excluding clothing) was almost equal to the value of exports. If rough estimates for cotton clothing are included, it looks as if Britain has been a net importer of cotton goods this year.

For several commodities shortage of home supplies has clearly been the cause of higher imports. The best known example is steel, imports of which cost £22 million more than in the first five months of 1959. Sheet steel was still the main item, but imports of some other types of steel had risen considerably too. Although the size of the trade is small, building materials are a new example of excess demand at home drawing in imports. In the first five months of the year imports of building materials (excluding timber) amounted to £3 million, 70 per cent more than a year earlier (table 6).

Table 6. Imports of building materials

'000 cwt.

	January-May 1959	January-May 1960	Per cent change
Cement	1,067	2,265	112
Slates, etc.	192	242	26
Bricks, etc.	142	319	125
Refractory goods	104	144	41
Plain sheet glass	141	214	52
Plate glass	77	142	84

Source : Trade and Navigation Accounts.

Synthetic rubber appears to be an example of an industry where the adoption of new techniques and growth of capacity in Britain is lagging behind that abroad. After the introduction last year of a new synthetic rubber plant it might have been expected that imports would fall off. But in the first five months of the year they were twice as high as a year earlier. New sorts of synthetic rubber are now needed. Plants to make these are now being built but they will not take the strain off the balance of payments until 1963. Meanwhile imports come mainly from the United States and Canada.

The rise in imports of petroleum consisted mainly of refined products, amongst which fuel oil was by far the most important (table 7).

Table 7. Oil imports

Million gallons

	January- May 1959	January- May 1960	Per cent change
Crude oil	4,380	4,587	+ 5
Refined liquid products of which	1,335	1,640	+23
fuel oil	492	838	+70

Source : Trade and Navigation Accounts.

The most startling increase is still in imports of manufactures. In the first five months they were 56 per cent higher than a year earlier. Imports of aircraft, ships, cars and domestic refrigerators have recently shown the largest increase. But there was still a strong upward trend in imports of other items such as machinery, clothing and precision instruments and scooters. Some of these imports seem clearly to reflect a lack of competitive power in the British industry concerned.

Shift to United States imports

The delayed effects of dollar liberalisation must explain some part of the startling rise in British imports of manufactures. In every main class of manufactures except cars, imports rose by more from the United States than from other areas. But this was also true of all the main classes of basic materials and semi-manufactures, most of which were liberalised long ago. Moreover the increases in imports from the United States were accompanied by very large increases in imports from other areas (table 8). Hence the effects of liberalisation appear to have been swept up in the general tide of imports and in a general swing to United States sources. The latter may be partly the result of the export drive that is now getting under way in the United States. But it may also reflect a tendency to look for supplies to America, where business conditions are comparatively slack, at a time when both in Britain and on the Continent business is booming and supply conditions have been getting more difficult. Whatever the cause, the result is remarkable : whereas

Table 8. Imports from the United States and from the rest of the world, January-May 1960

	Per cent change on January-May 1959		£ million	
	United States	Rest of world	United States	Rest of world
Food and tobacco				
Cereals	- 16	- 16	26.6	64.8
Tobacco	+ 22	+ 43	7.5	17.6
Other selected foodstuffs	+ 87	—	17.0	397.5
Basic materials				
Wood pulp	+ 79	+ 19	5.5	44.1
Raw cotton	+227	- 3	15.7	18.3
Crude minerals	+ 41	+ 30	3.3	13.7
Metal ores	+169	+ 47	2.7	59.7
Oils, fats	+183	- 5	1.1	22.1
Semi-manufactures				
Chemicals	+ 74	+ 35	20.8	52.9
Paper	+ 31	+ 25	4.6	31.2
Man-made yarns and fabrics	+600	+ 40	2.1	4.6
Miscellaneous textiles	+636	+ 24	0.7	16.6
Non-metallic mineral manufactures	+190	+ 47	0.7	6.9
Iron and steel	+364	+132	6.6	30.3
Non-ferrous metals	+100	+ 43	17.5	103.5
Manufactures				
Metal manufactures	+163	+ 40	1.8	8.5
Machinery, non-electric	+ 42	+ 17	24.7	54.2
Electric machinery	+ 74	+ 28	7.2	13.2
Cars	+ 74	+139	0.9	20.4
Aircraft	+922	+ 16	11.5	2.0
Clothing	+531	+ 58	1.4	25.7
Precision goods	+ 78	+ 52	2.6	10.6
Total imports (including unspecified)	+ 58	+ 15	210.4	1,672.9

Source : Trade and Navigation Accounts.

the value of total British imports was 18 per cent higher in the first five months of 1960 than a year earlier, the value of imports from the United States was up by 58 per cent.

Imported stocks

It is impossible to say precisely how much of the increase in imports has been due to a stock cycle.

Our estimates of recorded stocks of imported commodities do not show an abnormal increase, after allowance for seasonal variation. These estimates are, however, of limited value because substantial stocks of imported commodities in various stages of fabrication are held by enterprises beyond the scope of the data.

A comparison of the figures of industrial production with those of imports of materials, corrected for recorded stock changes, points to increased investment in stocks of this sort.

Whereas in the first quarter of 1959 imports of materials, corrected for stock changes, had fallen heavily, indicating unrecorded destocking, by the first quarter of this year they had risen again by 24 per cent, more than overtaking the trend in industrial production. They did not overtake it by far, compared with the relationship between the two indices in 1958 (see table 5). But past experience indicates that consumption of imported materials can normally be expected to rise more slowly than industrial production.⁽¹⁾ This evidence therefore points to some restocking of materials. Some further evidence is provided by the figures for manufacturers' stocks of materials, which, as noted earlier, rose substantially in the first quarter. Added to that there is the evidence that stocks of some imported durable consumer goods have piled up (see page 7 above). The same may be true of some other manufactures.

The outlook for imports

There seems reason to expect imports to level out and possibly to fall. Investment in imported stocks is likely to ease off. The easing of the market for consumer durables may bring considerable savings through lower imports of finished goods, components and materials, notably sheet steel. And the rate of increase in output and hence in consumption seems likely to slow down. The lower import figure for June may be the beginning of a decline. The disturbing feature, however, is the very large increase in imports of manufactures, which may well be more permanent. If so, imports may not ease off far. The tendency

for imports to rise faster than national output, which has persisted since 1954, may have been accentuated in the past year.

Exports

The recent performance of exports has been disappointing.

Their seasonally adjusted value was virtually unchanged from March to May at about 1 per cent below the December/February level. The provisional figure for June, seasonally adjusted, fell 3 per cent, but that may have been partly due to the dock strike on the Mersey at the end of the month.

The worst performance in March/May was in exports to the sterling area, which declined in value contrary to the normal seasonal trend. The decline extended to most of the main countries except Australia (where there was an 8 per cent rise to a level 20 per cent above that of a year earlier) and New Zealand. This would seem to imply a further fall in our share of the sterling area market. Exports to North America normally rise sharply in these months for seasonal reasons but this year the rise, though considerable, was smaller than usual. The seasonal pattern may have been changed by the opening of the St. Lawrence seaway.

On a commodity basis, the poor performance of exports has no one single cause. Again, comparing the three months March to May with the three months December to February, exports of basic materials rose by 4 per cent and exports of manufactures by 5½ per cent, but the food and oil groups showed falls of 10 per cent and 22 per cent respectively. These were predominantly seasonal, at least in the case of oil.

Exports of manufactures account for over 80 per cent of total British exports. It is therefore more significant that, seasonally adjusted, they appear to have risen very little. If allowance is made for seasonal variation, exports of cars appear probably to have fallen. Iron and steel exports to the United States fell back in April and May from the high levels which they reached in the two preceding quarters because of the steel strike there. For the rest, exports generally looked sluggish.

It has been suggested that the failure of British exports to rise reflects a general tendency for world trade in manufactures to level out. But the analysis of trends abroad suggests that, after all allowance for seasonal variation, exports of the main manufacturing countries have continued to grow fast, certainly up to the end of the first quarter.

The analysis of trends abroad does, however, suggest that in our main overseas markets, apart from Continental Europe, demand may rise less rapidly in

⁽¹⁾See 'Imports and Expansion', *National Institute Economic Review*, no. 2, March 1959.

the months ahead than it has done recently. In North America demand has been levelling out and car exports in particular face stronger competition. In the sterling area reserves are already being drawn down and imports may begin to rise more slowly. Added to this, the downward drift in our share of world markets, which is reviewed in an article on page 18, is likely to persist: there have been no developments that are likely to improve our competitive position; one specific factor seems likely to persist—the decline in our share of sterling markets, where we now enjoy less discrimination than before and probably are experiencing a weakening of the traditional preference for British goods.

For these reasons, it now seems doubtful whether a substantial increase in exports can be expected in the rest of the year. But there is no reason to be too gloomy. Export orders on hand for engineering products, mechanical and electrical, rose by about 8 per cent in the first quarter. The lengthening in the order book was not the result of a failure of deliveries to rise. Engineering output rose by $1\frac{1}{2}$ per cent and the volume of exports by 4 per cent (seasonally corrected). Compared with a year earlier the volume of exports of machinery was 16 per cent up and the export order book up 13 per cent. Even if manufacturers cannot increase deliveries as fast as last year, they must still be able to achieve some increase, possibly quite a fast one. There is therefore reason to expect a rise in engineering exports (excluding vehicles), which account for one-quarter of total exports. The steady growth in demand for chemicals also seems likely to continue. The most uncertain item is exports of cars; they account for only 7 or 8 per cent of total exports, but about half our car exports go to North America.

The balance of payments outlook

If allowance is made for seasonal variation, it seems probable that Britain's trade balance will improve in the second half of the year. It would be wrong to count on much from higher exports, but some relief seems likely from lower imports. Britain's current surplus seems unlikely to be large enough to cover fully the outflow of long-term capital; the overseas sterling area is likely to continue to draw on its sterling balances, and non-sterling countries may cease to build them up as fast as they have done recently. Hence there is likely to be a decline in the gold and dollar reserves. This is not unexpected.⁽¹⁾ Nor need it be serious. The reserves are there to meet temporary deficits and they are large. The risk

of trouble lies only in the possibility of a loss of confidence. That in turn depends largely on whether the present balance of payments is believed to be temporary or persistent.

OVERSEAS

The general situation

1960 is seeing very little economic expansion in North America, but a good deal in Western Europe. Among the primary producing countries, it is still only the sterling area countries and the oil producers whose exports are running significantly higher than in 1957, before the recession—elsewhere there has been little recovery; the sterling area's exports may now be levelling off. Primary producing countries' export prices, after recovering some 7 per cent in the course of last year, have not moved, on balance, this year.

World trade will probably now go up more slowly: there may not be much further upward tendency in the imports of either the United States or Britain—between them they account for a quarter of the world's imports—and sterling area imports may rise more slowly. The main area of expansion seems likely to be among the countries of the European Economic Community; output and trade within the Community are rising rapidly and the member countries' reserves are now so strong that they can afford any likely increase in imports from the outside world.

The industrial countries—the United States

In the United States, there is no reason to expect any violent movement either way; the balance of forces seems much as it was two months ago.⁽²⁾ Personal income and consumers' expenditure went on rising in the second quarter, and consumer spending is likely to be the main prop of business activity in the second half-year. Industry's capital expenditure—which has risen 10 per cent in the last half-year—is expected to rise only 1-2 per cent, seasonally adjusted, in the third quarter. No appreciable expansionary forces are likely to come from exports or from Government expenditure; and stock-building, which was almost certainly lower in the second quarter than the first, may be lower still in the third.

There is some change in the outlook for housing; with lower discount rates and generally lower yields on Government bonds, mortgages are more attractive to institutional investors, and it is easier to obtain finance for housing. Housing starts—which in the first four months were 21 per cent below a year earlier—may now pick up again.

⁽¹⁾*National Institute Economic Review*, no. 9, May 1960, page 15.

⁽²⁾*National Institute Economic Review*, no. 9, May 1960, pages 15-17.

The growth in the United States economy since before the steel strike last year has been much more in the production of services than of goods. Comparing the second quarter of this year with the second quarter of last, industrial production is up probably less than 1 per cent, and real national product 2.3 per cent. This pattern may well continue, since the whole of the reduced rate of stock-building is concentrated on goods, while a good deal of the rise in consumers' expenditure is likely to go on services. The share of services in disposable personal incomes (at current prices) was 31.2 per cent in 1950, 34.2 in 1955, and 36.1 per cent in 1959.

Western Europe

Industrial production has continued to rise generally this year; since the third quarter of last year, the rise has been a little faster among the Six than among the Seven (table 9). The Italian industrial production index has risen 14 per cent in half a year; but neither this, nor the increased movement of Italian workers to other EEC countries, has so far affected the Italian unemployment figures appreciably. In France, industrial output levelled out, probably only temporarily at the beginning of the year. The new French national development plan for 1960 and 1961 aims at a rise in industrial output of 5½ per cent a year. For the EEC countries generally, the Economic Commission of the Six envisages a rise in real national product of 4.5 per cent a year—the rise in industrial production would be more.

Table 9. Industrial production in Western Europe

1958 = 100, seasonally adjusted

		1959				1960		
		I	II	III	IV	I	Apr.	May
All OEEC	..	103	105	107	112	114		
The Six	..	103	106	108	113	116		
of which								
France	..	104	109	110	117	116	117	
W. Germany	..	102	105	107	112	114	116	115
Italy	..	106	107	110	118	125	..	
The Seven ^(a)	..	101	104	107	110	113	..	
of which								
Scandinavia	..	102	104	106	109	110	..	
UK	..	101	104	107	111	113	115	114

Source: OEEC General Statistics and OEEC Main Economic Indicators.

(a) Excluding Switzerland and Portugal, for which figures are not available.

Germany

In Germany, personal consumption was less than a third of the rise in total final expenditure last year.

In particular, there was no boom in sales of household durables as there was in Britain; German retail sales of household durables rose little faster than total sales. This year, consumption may well be a larger part of the increase in demand; employment, hours, and weekly earnings are all rising rapidly. In April and May, 7 million employees—about a third of the total—received increases which raised their hourly pay by an average of 7 per cent. Even so, the pressure is much greater on capital goods than consumer goods industries; in March, new home orders for consumer goods were still below current deliveries, whereas new home orders for capital goods were 18 per cent, and new export orders for capital goods, 33 per cent, above the current rate of delivery (table 10). However, sales of consumer goods have been rising in the last few months and both manufacturers' and retailers' stocks are decreasing.

The boom has reached a point where the demand for labour is much higher than in Britain; at the end of May, unemployment (not seasonally adjusted) was less than 1 per cent of the labour force, and there were more than three vacancies for every person unemployed. So far, this very high level of economic activity does not seem to have put much pressure on prices; and it has certainly not led to any balance of payments deterioration.

German retail prices went up last year because the drought sent up food prices. From November of last year onwards they have been stable, partly because food prices have been coming down again, and have offset rises elsewhere. In general, industry's output prices have not risen much. In April, they were only 1.2 per cent higher than a year ago. Building costs, however, have risen sharply—8 per cent in the last year.

German exports are rising a little less rapidly than last year: but the rise is fast enough to keep the export surplus more or less unchanged.

The restrictive measures the Government has taken so far have been monetary ones; Budget policy has been neutral. But the banks have been able to avoid the effects of the monetary restrictions by bringing back to Germany money they were holding in other countries: and the rise in their loans has so far continued unchecked (table 10). (The effect of the repatriation of funds on the movement of world foreign exchange reserves is described on page 16.)

Primary producing countries

The recovery in primary producing countries' trade from the recession in 1958 is still, on the latest figures, largely restricted to the overseas sterling area countries (table 11). Sterling area exports may now be levelling off: in the first quarter they were probably a little lower than in the last quarter of last year.

Table 10. Germany : selected economic indicators

	Unemployment, (seasonally adjusted)	Unfilled vacancies (not seasonally adjusted)	Consumer goods, new home orders	Capital goods, new home orders		Consumer prices	Food prices	Building costs	Banks : change in loans ^(a)	Value of exports	Value of imports
				Home	Export						
	'000	'000	% of current deliveries	% of current deliveries		1958=100	1958=100	1958=100	Quarterly rates, DM. million	1958=100	1958=100
1958 ..	671	220	..	..	..	100	100	100	+2,640	100	100
1959 I	532	223	94	111	114	100	100	102	+2,682	96	97
II	488	301	131	105	112	100	100	104	+3,643	109	111
III	417	347	103	110	113	102	103	106	+5,391	112	115
IV	316	284	106	113	115	103	103	108	+4,935	129	128
1960 I	246	385	93	121	129	103	103	109	+3,627	123	128
April	238	460	99	116	122	103	103	..	+3,756	122	132
May	234	488	..	..	..	103	103	109	+4,140	129	138
Per cent change on a year earlier											
1960 I	-53.8	+72.6	-1.0	+9.0	+13.2	+3.3	+3.0	+7.0	+21.8	+28.2	+32.0
April	-52.2	+54.4	-10.8	+9.4	+13.0	+3.2	+3.0	+4.8	+43.8	+14.0	+16.8
May	-51.8	+51.0	..	..	..	+3.3	+3.0	..	-5.6	+17.2	+25.6

Source : OEEC Statistical Bulletins ; Bundesminister f.W. : Die wirtschaftliche Lage ; Monatsberichte der D. Bundesbank.

(a) Short, middle and long-term loans.

Table 11. Primary producing countries : value of imports and exports

1958 = 100

							1958	1959			1960	Per cent of total, 1958
							2nd half	1st half	III	IV	I	
Exports												
Overseas sterling area ^(a)							100	107	112	127	124	35
Latin America ^(a)							100	101	106	99	101	20
Oil producers							105	102	99	108	..	25
Others							98	103	97	109	..	20
Total							100	105	105	113	..	100
Imports												
Overseas sterling area ^(a)							99	98	100	111	114	40
Latin America ^(a)							101	85	97	93	92	20
Oil producers							100	99	95	97	..	15
Others							100	90	94	102	..	25
Total							100	93	97	102	..	100

Source : Appendix table 19.

(a) Excluding oil producing countries.

Sterling area imports have been rising, and may go on rising for some while ; overseas sterling area countries are therefore likely to continue to draw on their reserves, possibly at an increasing rate. In the first quarter of this year sterling holdings fell by £34

million, after rising £211 million in the previous five quarters.

The slow rise in primary producing countries' export prices also appears to have stopped.⁽¹⁾ In

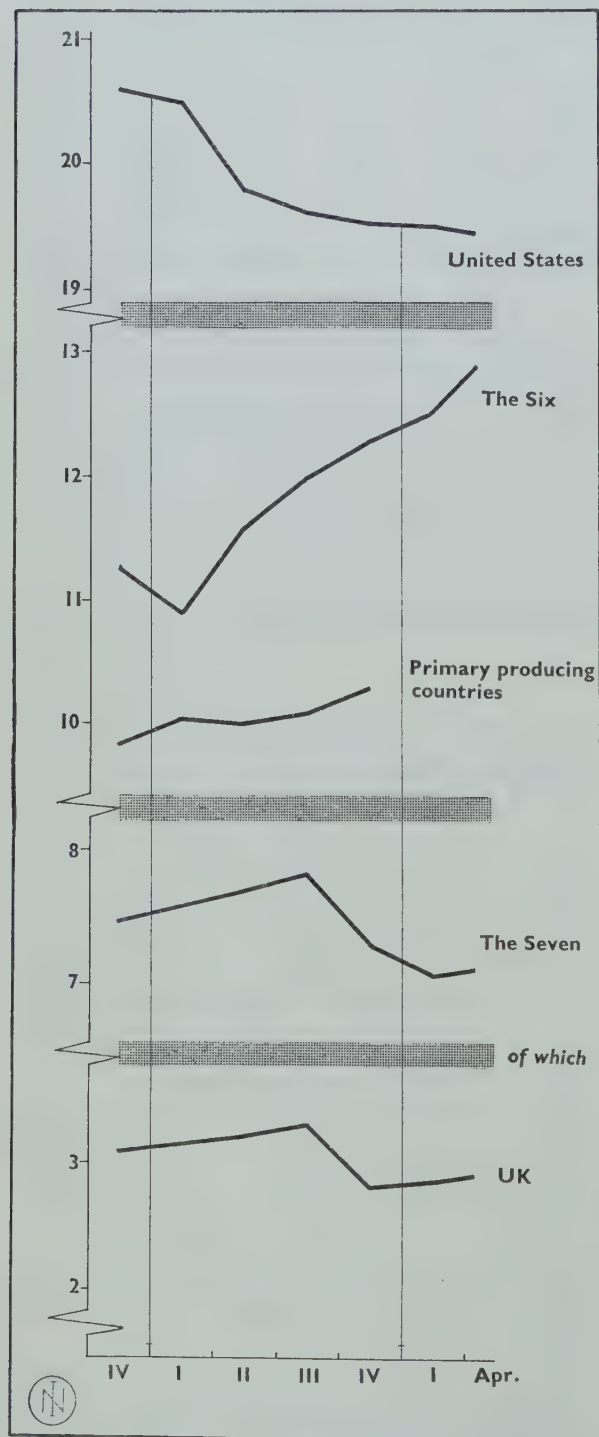
⁽¹⁾ Appendix table 24.

the course of last year their prices rose by about 7 per cent : but from the end of the year up to June, there was no further overall gain.

World trade and payments

Although the rise in world trade will probably begin to slow down from now on (page 13), this slowing-down is only just beginning, and is probably

Chart 3. Official gold and foreign exchange reserves
\$ billion



Source : OEEC Main economic indicators.

not the explanation of the failure of British exports to rise so far this year. Certainly from the fourth quarter of last year to the first quarter of this one, other industrial countries increased their exports more than we did ; between these two quarters, on seasonally adjusted figures,⁽²⁾ EEC countries' exports rose 8½ per cent, United States exports rose 13 per cent (partly, no doubt, a rebound from the effects of the steel strike), and Britain's exports rose 3¼ per cent.⁽²⁾ (Britain's falling share in world trade in manufactures is discussed more fully on page 18.)

There has been some tendency for the world's foreign exchange reserves to pile up in the EEC countries (chart 3). This is not only because their trade balance with the outside world is very healthy ; there has been some repatriation of short-term funds to Germany (see page 14). The German authorities have attempted to check the inflow of foreign money, first, by suspending the sale of Treasury paper to foreigners and secondly, by prohibiting the payment of interest on bank accounts owned by non-residents. These measures—together with the rise in Bank Rate in Britain (chart 4)—have had some success. Further, the outflow of capital from Germany has been increased in the last month by a loan of \$240 million to the World Bank. Nevertheless, the long-term problem remains. It seems probable that, at present exchange rates, Germany in particular may be a persistent creditor, in spite of her rapid rate of economic growth.

CONCLUSION

The outlook for demand is summarised on page 5.

The most important new development has been the failure of exports to rise since the beginning of the year. It is impossible to be at all sure about their future trend. They may edge upwards in the coming months. But demand in our main markets is not growing with much strength and our competitive position continues to show weakness.

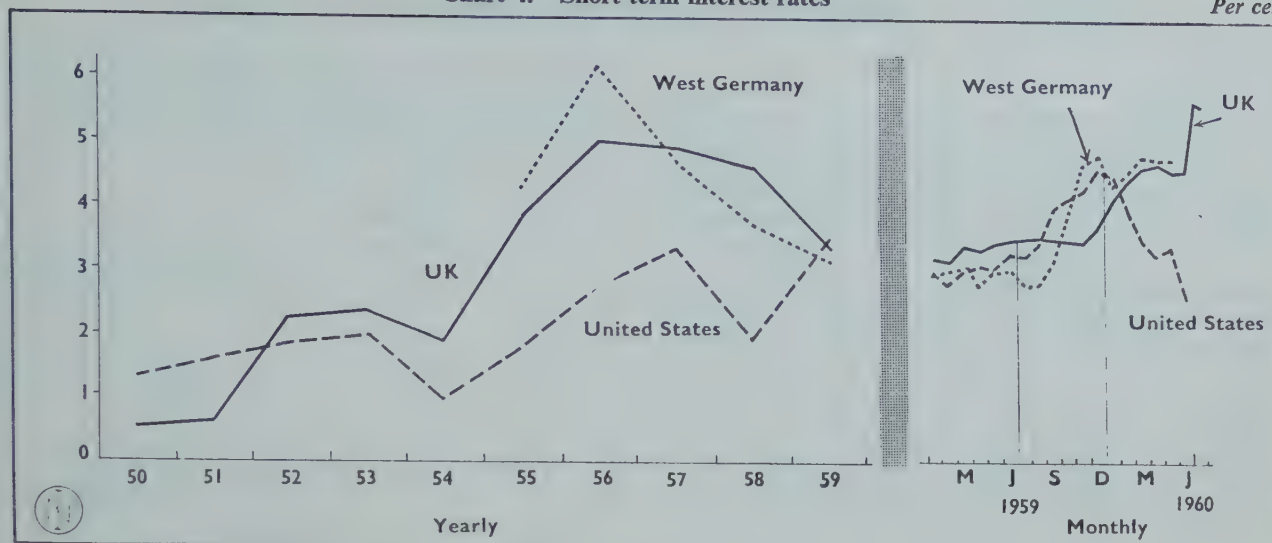
In the short run, the balance of payments will probably improve, but it is impossible to say how great the improvement will be. Imports may fall from their recent high level; there may have been a greater increase in investment in stocks of imported goods than is statistically evident. Exports may prove to have been going through a temporary dip. Even with a considerable improvement, there may still be some outflow of reserves in the second half of the year, the seasonally-weak period.

The recent weakness of exports and the rise in imports of manufactures are disquieting. Coming after so many balance of payments crises in the past,

⁽²⁾ OEEC seasonal adjustments.

Chart 4. Short-term interest rates ^(a)

Per cent



Source : OEEC General Statistics.

(a) Yields on 3 month Treasury bills, or their nearest equivalent.

they may suggest that the balance of payments prevents more than a slow and interrupted rate of economic growth. It is probably truer to say that Britain suffers balance of payments problems because her rate of economic growth is too slow. Thus whatever the short-run behaviour of the balance of payments, there is strong evidence of the need to seek ways of accelerating the growth of productivity in this country, and so strengthening our competitive position. Since 1949, when present exchange rates were set, productivity has risen much faster in Germany, Japan, Italy and other countries than in Britain (or the United States). This must be an important cause of their ability to overhaul us in international markets. The erosion of the protection and discrimination we formerly enjoyed in the Commonwealth was a second cause, neither avoidable nor reversible.

The Common Market may now aggravate our balance of payments difficulties to some extent. But membership would not necessarily solve them, though it might in the long run stimulate growth. More depends on our own policies—principally upon the general acceptance of growth as an objective of policy and upon the avoidance of short-run measures which slow it down.

Deflationary measures are necessary if the pressure of total demand on resources is too high. This has justified action this year. But if the balance of payments does not get better it would be a mistake to press home deflation just for that reason. It is a most wasteful cure to a persistent balance of payments problem: the effects upon imports and exports are small; it is bound to disturb industrial confidence and to induce a decline in investment; and the check

to growth is likely to make the real competitive position weaker and so to have a bad effect in the future. The British economy has suffered this too often in recent years. The measures taken this year already include steps to curtail investment.

There are various alternative ways of meeting balance of payments difficulties. First, the balance of payments includes a burden of overseas investment and of overseas military expenditure⁽¹⁾ greater than that of most of our competitors. A reappraisal of foreign investment and of ways of sharing the burdens of defence and aid may well be required. The policy of encouraging foreign investment, without much attention to its location or purpose, does not seem to have brought the promised harvest of invisible income.

Second, there is the problem of exchange rates. Strains in international payments have two sides. The persistent surpluses of Germany and some other Continental countries are the other side of the difficulties of Britain and the United States. So long as exchange adjustments are regarded as abhorrent on all sides, no progress is possible. There is a clear case for a more flexible international approach. No change seems immediately likely, however.

Third, imports might be restricted. But this is a short-run expedient, effective only if other measures are taken to strengthen the long-run position. In any event, it would be a most unlikely change of policy now.

With the reserves and borrowing rights at their present level, and the likelihood of some improvement in the trade balance, there is no need to be driven suddenly into drastic action. Policy can aim at long-run objectives.

⁽¹⁾See the article 'Defence expenditure,' pages 36 and 37.

WORLD TRADE IN MANUFACTURES

The longer-term trends

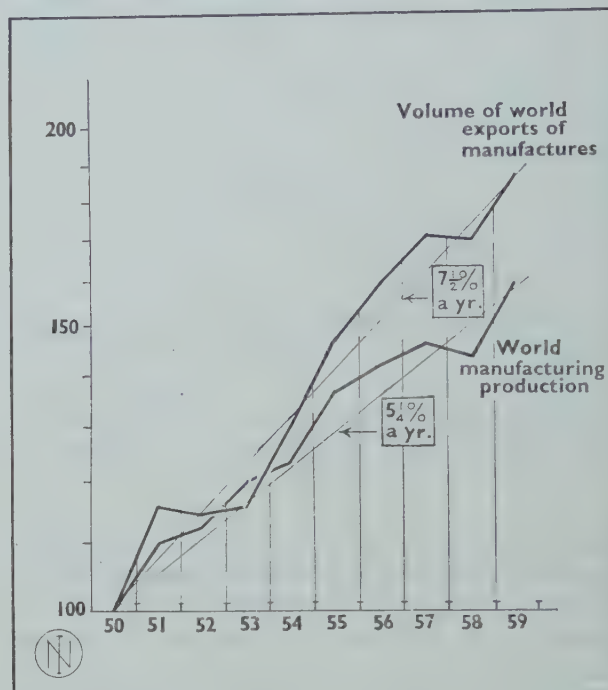
World exports of manufactures have risen rapidly in the last decade—indeed faster than world manufacturing production (chart 1). There were checks in 1951-53 and in 1958; even so the yearly rate of rise since 1950 has been 9 per cent in value, $7\frac{1}{2}$ per cent in volume. The pattern of this trade has been changing, particularly in the last five years: markets have grown faster in the industrial countries than in the less developed parts of the world (chart 2). Since 1954, in value terms, the exports of manufactures to the United States and to OEEC countries have been rising at an average rate of 17 per cent and 10 per cent a year respectively; to Latin America and the sterling area, only $3\frac{1}{2}$ per cent and $4\frac{1}{2}$ per cent.

Each year since 1954, Britain's share in the total of world trade in manufactures has fallen; equally steadily, the shares of West Germany and Japan have risen. France and the United States have had a more varied experience. The United States share rose a little up to 1957, and then fell steeply. France's share dropped in the first few years and then recovered (table 1, chart 3). So also did the aggregate share of the other European countries.

These five big exporting countries—the United States, Britain, West Germany, France and Japan—have very different patterns of trade. For instance, Britain and the United States each has around a fifth of world exports of manufactures—but in 1958 Britain provided nearly two-thirds, and the United States only one-seventh, of the five nations' total exports of transport equipment to the sterling area;

This article was prepared by R. L. Major, of the National Institute.

Chart 1. The volume of world exports of manufactures and of world manufacturing production, 1950-1959^(a)



Source: Appendix table 21 and United Nations Monthly Bulletin of Statistics.

(a) For definitions of world exports of manufactures, see footnote (a), table 1. World manufacturing production excludes Sino-Soviet bloc.

conversely, the United States provided 70 per cent, and Britain 9 per cent, of the five countries' exports of chemicals to Latin America. (Chart 2 shows the changes in shares of the five countries since 1954 in some area and commodity detail.)

Because their patterns of trade differ so much, a country may lose part of its share in the total of world exports of manufactures simply because its export effort is concentrated on markets which have grown

Table 1. Industrial countries' exports of manufactures^(a)

	Volume (1953 = 100)	Value						
		\$ billion	Percentage shares					
			UK	USA	France	W. Germany	Japan	Others
1954 ..	111	29.8	20.3	25.2	9.0	14.8	4.7	26.0
1955 ..	125	34.0	19.6	24.5	9.3	15.5	5.1	26.1
1956 ..	136	38.5	19.0	25.3	7.8	16.4	5.7	25.8
1957 ..	146	42.6	18.0	25.4	8.0	17.5	6.0	25.1
1958 ..	145	41.9	17.8	23.3	8.6	18.5	6.0	25.7
1959 ..	158	45.4	17.3	21.3	9.2	19.1	6.7	26.4

Source: Appendix table 21.

(a) Exports from Belgium-Luxembourg, Canada, France, Western Germany, Italy, Japan, Netherlands, Sweden, Switzerland, United Kingdom, and United States. United States' special category' exports of military equipment, etc. are excluded.

Table 2. Exports of manufactures by five main exporters : changes in 1959 by main destinations^(a)

\$ million: percentage changes in italics

	UK		USA		France		W. Germany		Japan		Five major exporters	
	1958	change to 1959	1958	change to 1959	1958	change to 1959	1958	change to 1959	1958	change to 1959	1958	change to 1959
Intra-trade of five major countries												
To USA	602	219 + 36			248	154 + 62	601	263 + 44	575	327 + 57	2,026	963 + 48
To UK, France, Germany and Japan	460	59 + 13	1,130	55 + 5	470	187 + 40	829	160 + 19	51	14 + 27	2,940	475 + 16
Total	1,062	278 + 26	1,130	55 + 5	718	341 + 47	1,430	423 + 30	626	341 + 54	4,966	1,438 + 29
To other industrial countries												
Common Market (excl. France and Germany) ..	489	63 + 13	487	13 + 3	358	117 + 30	1,386	161 + 12	45	- 8 - 18	2,765	346 + 13
European Free Trade Area (excluding UK) ..	667	69 + 10	317	55 + 17	310	82 + 26	1,843	164 + 9	57	7 + 12	3,194	377 + 12
Other Continental OEEC countries ..	130	- 2 - 2	156	7 + 4	106	- 18 - 17	270	24 + 9	22	9 + 41	684	20 + 3
Canada	463	49 + 11	2,532	238 + 9	34	15 + 44	102	28 + 27	70	36 + 51	3,201	366 + 11
Total	1,749	179 + 10	3,492	313 + 9	808	196 + 24	3,601	377 + 10	194	44 + 23	9,844	1,109 + 11
To primary producing countries												
Overseas sterling area ..	3,422	-110 - 3	811	-79 + 10	165	-3 + 2	808	2 -	579	105 + 18	5,785	79 + 1
Latin America	389	14 + 4	3,277	-527 - 16	196	22 + 11	694	10 + 1	190	32 + 17	4,746	-449 - 9
Other	582	-19 - 3	1,005	-40 - 4	1,504	-6 -	631	48 + 8	849	29 + 3	4,571	12 -
Total	4,393	-115 - 3	5,093	-488 - 10	1,865	-19 + 1	2,133	60 + 3	1,618	166 + 10	15,102	-358 - 2
To Eastern area, etc. ^(a) ..	259	59 + 23	57	8 + 14	226	3 + 1	611	45 + 7	72	- 29 - 40	1,225	86 + 7
Total, all countries ..	7,463	401 + 5	9,772	-112 - 1	3,617	559 + 15	7,775	905 + 12	2,510	522 + 21	31,137	2,275 + 7

Source : See footnote (1), page 21.

(a) The areas follow the definitions given in the Notes to the Statistical Appendix, page 60, except that the Eastern area here includes Yugoslavia and Finland.

relatively slowly. On the face of it, it seems quite likely that this might explain some of the fall in Britain's share—and also in that of the United States. British exports are heavily concentrated on the sterling area, and United States exports on Latin America—both relatively stagnant markets. Further, textiles—for which world demand has risen little

(chart 2)—are still a far larger part of Britain's exports than, say, of West Germany's.

A number of attempts have been made recently⁽¹⁾ to isolate the effect of changes in area and commodity

⁽¹⁾ Survey of Current Business, December 1959; Board of Trade Journal, 11 March 1960; 'The dollar', National Institute Economic Review, no. 2, March 1959.

Chart 2. Shares in world trade in manufactures, by area and commodity

This chart shows the changing shares of the UK, USA, West Germany, Japan and France in exports of manufactures; it gives for each country both shares in exports to three areas (shown in **bold**) and shares in exports of three commodity groups (shown in *italics*). The inset chart shows the actual size and movement of total exports of manufactures to four areas, and total exports of three commodity groups.

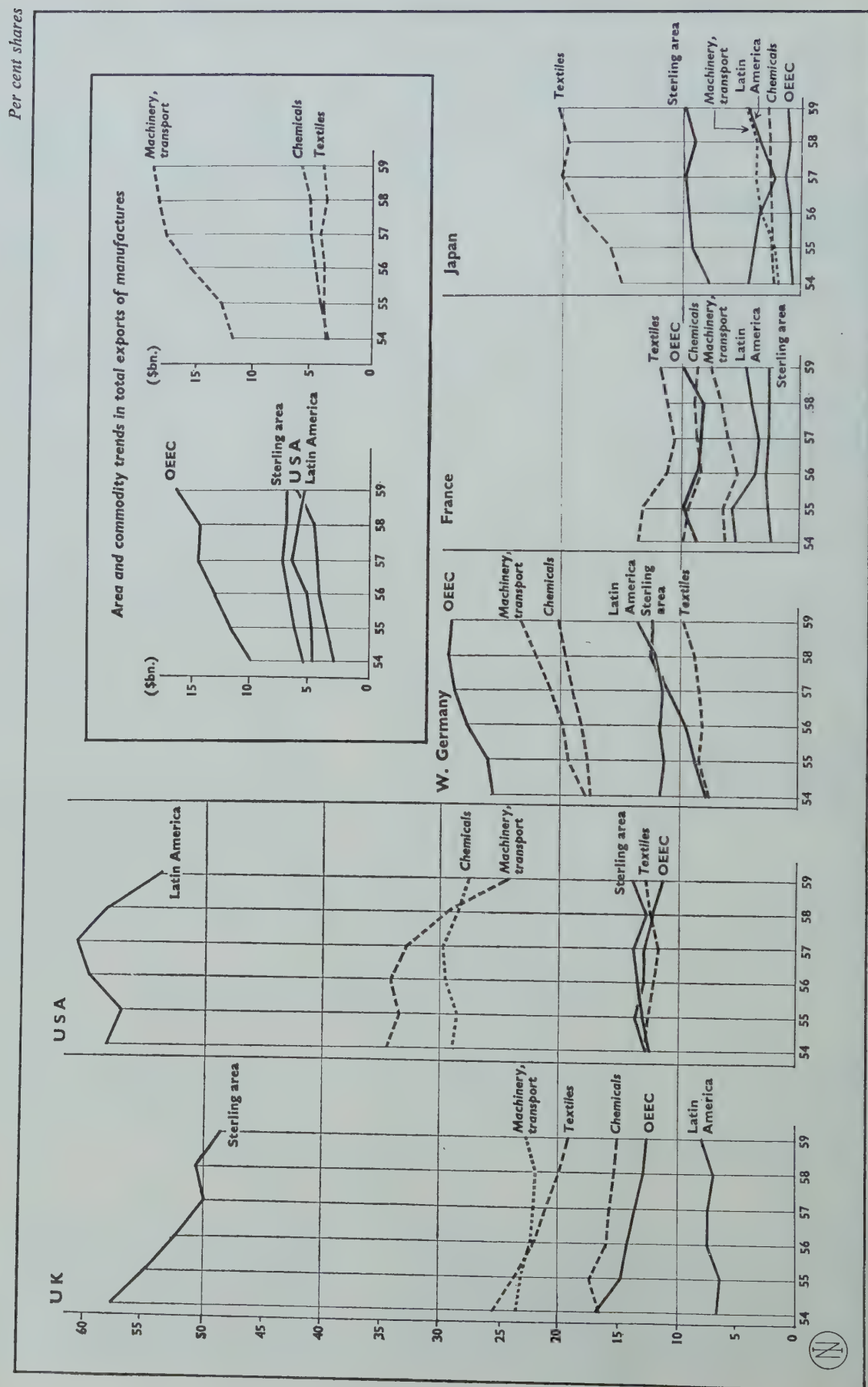
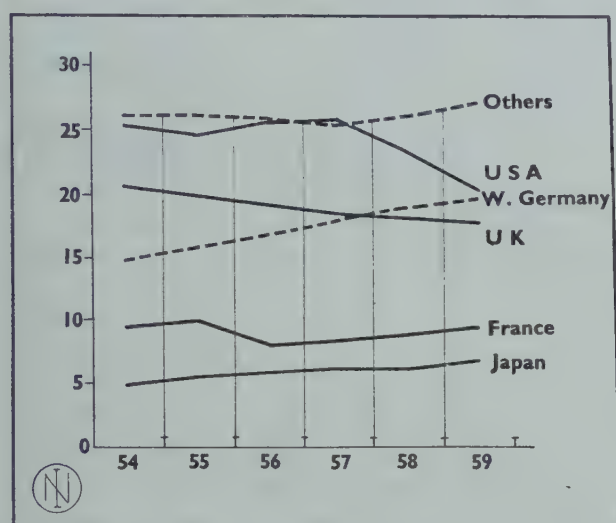


Table 3. Share in combined exports of manufactures : five main exporters

	UK	USA	France	W. Germany	Japan
<i>Per cent</i>					
Total, including trade between the five : 1958	24.0	31.4	11.6	25.0	8.1
1959	23.5	28.9	12.5	26.0	9.1
Change, 1958 to 1959	-0.5	-2.5	+0.9	+1.0	+1.0
Total, excluding trade between the five : 1958	24.5	33.0	11.1	24.2	7.2
1959	24.2	31.4	11.5	25.3	7.6
Change, 1958 to 1959	-0.3	-1.6	+0.4	+1.1	+0.4

Source : See footnote (1), this page.

Chart 3. Shares in world exports of manufactures, 1954-1959

Per cent

Source : Appendix table 21.

patterns of trade on the figures for shares in world trade. It appears that, up to 1958, they explain rather more of the United States than of the British fall—but not a great deal of either. The American Department of Commerce study examines the figures from 1953 to 1958; it appears that changes in the area and commodity pattern explain about a quarter of the United States fall from 1954/56 to 1958. The Board of Trade, comparing the single year 1954 with 1958, concludes that the area and commodity pattern of the United Kingdom's trade accounted for less than a fifth of the fall in its share of world trade.

These studies only go up to 1958. The analysis which follows takes the five main exporters of manufactures and looks at their changing pattern of world trade in 1959—at the area changes (table 2), the commodity changes (table 4), and at a combination of

area and commodity trends (table 5).⁽¹⁾ The effect of the changing pattern of trade on each country's export performance is then analysed (table 6).

1959 : the area pattern

In 1959, world trade in manufactures rose at much the same rate as it had done through the decade as a whole : the volume (a 9 per cent increase) rose a little faster, the value (a 7½ per cent increase) a little more slowly. The main change in the area pattern was a continuation—or accentuation—of the trend of the past five years, for exports to industrial countries to rise faster than exports to primary producing countries (table 2). The United States market expanded much faster than any of the others; the European market also increased faster than average; the sterling area market stayed the same; the Latin American market contracted.

The other four countries' exports to the United States rose 48 per cent in 1959, whereas her exports to them only went up about 5 per cent. If allowance is made for this by excluding trade between the five from the total (table 3), then the United States performance is immediately put in a more favourable light : her share is shown as falling only 1½ instead of 2½ per cent.

About a fifth of this 48 per cent rise in exports to the United States can be explained by the steel strike, which nearly trebled United States imports of iron and steel mill products; France, Germany and Japan appear to have taken more advantage of this than Britain did (table 5).

The United States also stood to lose much more than any of the other four from the contraction in the Latin American markets. In fact, the whole of the fall in Latin American imports from the five was concentrated on United States goods. The other

⁽¹⁾The article is based where possible on statistics issued by the United Nations and the OEEC or in national trade publications, particularly the Board of Trade Journal. A fair amount of estimation has, however, been necessary. In particular, complete 1959 figures for United States exports excluding 'special category' exports have not yet been published on the Standard International Trade Classification.

Table 4. Commodity pattern of exports of manufactures from five main exporting countries^(a)

£ million : percentage changes in italics

	UK		USA		France		W. Germany		Japan		Five main exporters	
	1958	change to 1959	1958	change to 1959	1958	change to 1959	1958	change to 1959	1958	change to 1959	1958	change to 1959
Chemicals	732	89 + 12	1,362	135 + 10	429	43 + 10	940	165 + 18	138	28 + 20	3,601	460 + 13
Textiles	711	- 16 - 2	442	15 + 3	399	40 + 10	303	41 + 14	705	53 + 8	2,560	133 + 5
Base metals	785	67 + 9	900	-266 - 30	743	147 + 20	971	194 + 20	284	- 4 - 1	3,683	138 + 4
Metal manufactures ..	422	- 13 - 3	377	- 40 - 11	161	— —	383	31 + 8	88	33 + 37	1,431	11 + 1
Electrical machinery ..	622	27 + 4	734	- 19 - 3	200	9 + 4	668	112 + 17	99	99 + 100	2,323	228 + 10
Other machinery ..	1,584	168 + 11	2,886	25 + 1	369	50 + 14	1,886	42 + 2	134	35 + 26	6,859	320 + 5
Total machinery	2,206	195 + 9	3,620	6 —	569	59 + 10	2,554	154 + 6	233	134 + 58	9,182	548 + 6
Passenger cars	507	98 + 19	277	- 41 - 15	306	164 + 54	658	127 + 19	5	3 + 60	1,753	351 + 20
Ships	178	- 43 - 24	84	29 + 34	43	- 8 - 19	256	16 + 6	332	36 + 11	893	30 + 3
Aircraft	276	- 40 - 15	217	- 57 - 26	51	- 7 - 14	12	5 + 42	13	— —	569	- 99 - 17
Other transport equipment	606	15 + 2	982	- 9 - 1	195	- 1 - 1	477	24 + 5	45	8 + 18	2,305	37 + 2
Total transport equipment	1,567	30 + 2	1,560	- 78 - 5	595	148 + 25	1,403	172 + 12	395	47 + 12	5,520	319 + 6
Other manufactures ..	1,040	49 + 5	1,511	116 + 8	721	122 + 17	1,221	148 + 12	667	231 + 35	5,160	666 + 13
Total manufactures ..	7,463	401 + 5	9,772	-112 - 1	3,617	559 + 15	7,775	905 + 12	2,510	522 + 21	31,137	2,275 + 7

Source : See footnote (1), page 21.

(a) The commodity groups follow the Standard International Trade Classification as follows : chemicals, section 5 ; textiles, group 65 ; base metals, group 68 ; metal manufactures, group 69 ; electrical machinery, group 72 ; other machinery, group 71 ; total machinery, groups 71 and 72 ; passenger cars, group 732-01 ; ships, group 735 ; aircraft, group 734 ; other transport equipment, remainder of group 73 ; total transport equipment, group 73 ; total manufactures, sections 5-8.

countries managed to increase their sales a little in that market in 1959.

The falling United States share in Latin American markets may be part of a general tendency, at least in primary producing countries, for exporters of manufactures to lose ground in the markets in which they predominate. There was a sharp fall in French exports to the overseas franc area, which contrasted with her striking gain in other parts of the world.⁽¹⁾ And Britain continued to lose ground in the sterling area, as she has been doing for some years (chart 3) ; last year she was the only country of the five to

record a fall in exports to that area. Both France and Britain have been—and presumably will continue to be—affected by a reduction of the discrimination in their favour in their own monetary areas.

West Germany, having the largest share of the five countries of sales within Europe, gained from the change in the area pattern of trade last year. But she does not appear to have improved her competitive position in Europe (see page 26) : her share in that market fell a little.

1959 : the commodity pattern

The commodity pattern of world trade (table 4) changed much less than the area pattern. Exports of chemicals rose relatively fast, and this benefited Japan less than other countries, since her share in this trade

⁽¹⁾The devaluation of the French franc may explain part of this. It more than offset the rise in French export prices, in terms of francs, in 1959, and reduced her export prices, in terms of dollars, by about 8 per cent. This was probably more than was required to make her exports competitive in her own monetary zone.

Table 5. Commodity analysis by five main areas of manufactured exports of five main exporters^(a)\$ million : percentage changes in *italics*

	UK		USA		France		W. Germany		Japan		Five main exporters	
	1958	change to 1959	1958	change to 1959	1958	change to 1959	1958	change to 1959	1958	change to 1959	1958	change to 1959
Intra-trade of the five major exporters												
Chemicals	78	14	244	48	76	27	173	31	15	8	586	128
		+ 18		+ 20		+ 36		+ 18		+ 53		+ 22
Textiles	112	16	17	13	79	29	35	8	120	40	363	106
		+ 14		+ 76		+ 37		+ 23		+ 33		+ 29
Base metals	111	77	232	- 62	198	90	139	145	56	38	736	288
		+ 69		- 27		+ 45		+ 104		+ 68		+ 39
Machinery	258	82	456	- 14	73	16	472	39	59	66	1,318	189
		+ 32		- 3		+ 22		+ 8		+ 112		+ 14
Transport equipment ..	294	42	50	—	139	122	278	116	3	13	764	293
		+ 14		—		+ 88		+ 42		+ 433		+ 38
Other manufactures ..	209	47	131	70	153	57	333	84	373	176	1,199	434
		+ 22		+ 53		+ 37		+ 25		+ 47		+ 36
Total manufactures ..	1,062	278	1,130	55	718	341	1,430	423	626	341	4,966	1,438
		+ 26		+ 5		+ 47		+ 30		+ 54		+ 29
Other industrial countries												
Chemicals	172	28	474	65	113	13	421	90	5	1	1,185	197
		+ 16		+ 14		+ 12		+ 21		+ 20		+ 17
Textiles	165	4	151	17	85	28	166	29	43	6	610	84
		+ 2		+ 11		+ 33		+ 17		+ 14		+ 14
Base metals	192	29	345	- 93	165	74	381	56	8	2	1,091	68
		+ 15		- 27		+ 45		+ 15		+ 25		+ 6
Machinery	535	42	1,265	189	132	11	1,148	81	13	11	3,093	334
		+ 8		+ 15		+ 8		+ 7		+ 85		+ 11
Transport equipment ..	335	45	473	41	141	35	676	27	40	- 7	1,665	141
		+ 13		+ 9		+ 25		+ 4		- 18		+ 8
Other manufactures ..	350	31	784	94	172	35	809	94	85	31	2,200	285
		+ 9		+ 12		+ 20		+ 12		+ 36		+ 13
Total manufactures ..	1,749	179	3,492	313	808	196	3,601	377	194	44	9,844	1,109
		+ 10		+ 9		+ 24		+ 10		+ 23		+ 11
Overseas sterling area												
Chemicals	342	26	101	23	21	3	75	24	23	16	562	92
		+ 8		+ 23		+ 14		+ 32		+ 70		+ 16
Textiles	357	- 39	59	6	14	2	41	4	285	37	756	10
		- 11		+ 10		+ 14		+ 10		+ 13		+ 1
Base metals	285	- 42	37	- 14	42	- 8	59	- 15	89	- 35	512	- 114
		- 15		- 38		- 19		- 25		- 39		- 22
Machinery	1,002	32	316	15	18	11	301	- 16	49	20	1,686	62
		+ 3		+ 5		+ 61		- 5		+ 41		+ 4
Transport equipment ..	720	- 59	154	40	46	- 9	169	17	24	16	1,113	5
		- 8		+ 26		- 20		+ 10		+ 67		—
Other manufactures ..	716	- 28	144	9	24	4	163	- 12	109	51	1,156	24
		- 4		+ 6		+ 17		- 7		+ 47		- 2
Total manufactures ..	3,422	- 110	811	79	165	3	808	+ 2	579	105	5,785	79
		- 3		+ 10		+ 2		—		+ 18		+ 1

Table 5 (cont.)

\$ million : percentage changes in *italics*

	UK		USA		France		W. Germany		Japan		Five main exporters	
	1958	change to 1959	1958	change to 1959	1958	change to 1959	1958	change to 1959	1958	change to 1959	1958	change to 1959
Other primary producing countries^(a)												
Chemicals	110	9 + 8	534	— 1 —	200	— 2 — 1	175	10 + 6	73	22 + 30	1,092	38 + 3
Textiles	65	— —	212	— 20 — 9	198	— 12 — 6	41	— 4 — 10	246	— 26 — 11	762	— 62 — 8
Base metals	108	3 + 3	277	— 97 — 35	231	— —	172	10 + 6	105	13 + 12	893	— 71 — 8
Machinery	328	2 + 1	1,559	— 197 — 13	310	6 + 2	445	18 + 4	106	40 + 38	2,748	— 131 — 5
Transport equipment ..	197	— 3 — 2	876	— 155 — 18	255	— 7 — 3	252	8 + 3	327	7 + 2	1,907	— 150 — 8
Other manufactures ..	163	— 16 — 10	824	— 97 — 12	506	31 + 6	240	16 + 7	182	5 + 3	1,915	— 61 — 3
Total manufactures ..	971	— 5 — 1	4,282	— 567 — 13	1,700	16 + 1	1,325	58 + 4	1,039	61 + 6	9,317	— 437 — 5
Eastern area, etc.^(a)												
Chemicals	30	12 + 40	9	— —	19	2 + 11	96	10 + 10	22	— 19 — 86	176	5 + 3
Textiles	12	3 + 25	3	— 1 — 33	23	— 7 — 30	20	4 + 20	11	— 4 — 36	69	— 5 — 7
Base metals	89	— —	9	— —	107	— 9 — 8	220	— 2 — 1	26	— 22 — 85	451	— 33 — 7
Machinery	83	37 + 45	24	13 + 54	36	15 + 42	188	32 + 17	6	— 3 — 50	337	94 + 28
Transport equipment ..	21	5 + 24	7	— 4 — 57	14	7 + 50	28	4 + 14	1	18 + 1,800	71	30 + 42
Other manufactures ..	24	2 + 8	5	— —	27	— 5 — 19	59	— 3 — 5	6	1 + 17	121	— 5 — 4
Total manufactures ..	259	59 + 23	57	8 + 14	226	3 + 1	611	45 + 7	72	— 29 — 40	1,225	86 + 7

Source : See footnote (1), page 21.

(a) The areas follow the definitions given in the Notes to the Statistical Appendix, page 60, except that the Eastern area here includes Yugoslavia and Finland, and 'other primary producing countries' here includes Latin America. For definitions of the commodity groups, see note (a) to table 4. 'Other manufactures' in this table includes SITC group 69, metal manufactures.

is relatively small. Exports of textiles rose nearly as fast as total exports of manufactures. The only group (table 4) in which exports fell was aircraft; Britain and the United States stood to lose from this.

The commodity pattern analysis suggests that the United States steel strike had, if anything, a bigger effect on her exports than on her imports. The fall in her exports of iron and steel mill products more than accounts for the absolute decline of \$112 million in the total of United States exports of manufactures. The steel strike may also partly explain her relatively poor performance in exports of machinery and transport equipment—though in these commodity groups her share was already falling fast in 1958 (chart 3). In machinery, the big drop was in United States exports to Latin America, which came down by a

sixth; a good deal of the fall is probably explained by the fact that United States companies reduced their investment in Latin America in 1959.

Of the other changes in the five countries' relative performance (tables 4 and 5), perhaps the most significant were: Britain's further loss of ground in textile exports and in exports of ships; France's success with passenger cars; and Japan's very rapid increase in exports of machinery and of 'other manufactures'. Britain's exports of textiles to the sterling area fared a good deal worse than those of any of the other four countries; the only markets in which she did relatively well in textile exports were the 'other primary producing countries' and the Sino-Soviet bloc. The increase in France's exports of transport equipment—mostly cars—went mainly to the other

Table 6. Exports of manufactures to 'third markets': the effect of changes in the pattern of world trade, and the 'competitive' gain or loss^(a)

\$ billion

	UK	USA	France	W. Germany	Japan
1958	6.40	8.64	2.90	6.35	1.88
1959	6.52	8.47	3.12	6.83	2.06
Change	+0.12	-0.17	+0.22	+0.48	+0.18
explained by					
(a) General increase in trade	+0.20	+0.28	+0.09	+0.20	+0.06
(b) Change in area and commodity pattern of trade	+0.04	-0.14	-0.01	+0.20	-0.09
(c) 'Competitive' gain or loss	-0.12	-0.31	+0.13	+0.08	+0.21
'Competitive' gain or loss, divided by areas :					
Other common market	—	-0.05	+0.07	-0.01	-0.01
Other industrial Europe	-0.01	+0.01	+0.02	-0.03	+0.01
Canada	—	-0.05	+0.01	+0.01	+0.03
Eastern area, etc.	+0.03	—	—	—	-0.03
Overseas sterling area	-0.17	+0.06	+0.01	-0.01	+0.11
Latin America	+0.05	-0.22	+0.04	+0.08	+0.05
Other primary producers	-0.03	-0.06	-0.01	+0.04	+0.05
Total	-0.12	-0.31	+0.13	+0.08	+0.21
'Competitive' gain or loss, divided by commodity :					
Chemicals	-0.02	-0.01	-0.02	+0.04	+0.01
Textiles	-0.05	—	+0.02	+0.01	+0.03
Base metals	+0.05	-0.14	+0.06	+0.03	-0.01
Electrical machinery	-0.04	-0.03	-0.01	+0.04	+0.04
Other machinery	+0.05	-0.02	+0.02	-0.07	+0.02
Transport equipment	-0.04	-0.06	+0.02	+0.03	+0.05
Other manufactures	-0.07	-0.04	+0.04	-0.01	+0.08
Total	-0.12	-0.31	+0.13	+0.08	+0.21

Source : See footnote (1), page 21.

(a) The areas follow the definitions given in the Notes to the Statistical Appendix, page 60, except that the Eastern area here includes Yugoslavia and Finland. For definitions of the commodity groups, see note (a) to table 4. 'Other manufactures' here includes SITC group 69, metal manufactures.

four big exporters; her exports to them nearly doubled.⁽¹⁾ Japan's big increase in exports in 1959 came, not so much from textiles (in which her increase was \$53 million), but from machinery including electrical equipment (an increase of \$134 million) and 'other manufactures' (an increase of \$231 million). Her exports of electrical equipment were twice as high as in 1958; exports of radio sets were three times as high.

The effect of changes in the pattern of trade

These changes are summed up in table 6; it analyses, more rigorously, how far the changes in the area and commodity pattern of world trade explain the movement in each country's exports. The analysis is restricted to five countries' exports to 'third countries'—countries other than the five themselves. The table divides the change in each country's exports

⁽¹⁾ Year-to-year changes in the share of exports in this group can, however, be distorted by the timing of deliveries of ships and aircraft. The whole of the increase in United States exports of transport equipment to the overseas sterling area, for instance, (table 5) is explained by large deliveries of aircraft to Australia.

into three: (1) That part (*line (a) of the table*) which can be attributed to the general expansion (3.2 per cent) of trade with third countries. (2) That part (*line (b) of the table*) which can be explained by changes in the area and commodity pattern of trade. This was calculated by splitting the total exports of the five countries into forty-nine 'markets'—the seven commodity groups and seven areas shown—so that, for instance, the market for chemicals in the sterling area is a single market. The figure shows, for each country, the additional change in exports that would have occurred if the country had kept its share in each of these forty-nine markets; it measures, therefore, the extent to which the country was benefited or hurt by the change in the area and commodity pattern of trade. (3) The remainder (*line (c) of the table*) is a measure of the extent to which each country lost ground in each of the forty-nine 'markets'. It is probably the best measure of relative performance, which can, for convenience, be called 'competitiveness'; it shows the extent to which each country gained or lost ground for reasons

Table 7. Shares in world^(a) exports of manufactures to the overseas sterling area^(b)

Per cent

	UK	USA	France	W. Germany	Japan	Others
1954	57.5	12.3	2.1	7.5	7.9	12.7
1955	54.5	13.0	2.5	8.3	9.1	12.6
1956	52.0	13.3	2.6	9.3	9.2	13.6
1957	49.8	13.7	2.5	11.0	10.0	13.0
1958	50.2	12.6	2.5	12.4	9.0	13.3
1959	48.2	13.7	2.5	12.2	10.6	12.8

Source: *Board of Trade Journal*, 11 March 1960, brought up to date from the sources given in footnote (1), page 21.

(a) The eleven countries listed in footnote (a), table 1.

(b) Excluding Ireland and Iceland and including Iraq.

other than shifts in the pattern of trade. In the rest of table 6, this measure of 'competitiveness' is then split between the seven areas and the seven commodity groups.

It appears, rather surprisingly, that—in spite of the stagnation in sterling area markets—the change in the pattern of trade last year was not to Britain's disadvantage.⁽¹⁾ This was partly because the main falls in exports to the sterling area were in base metals and textiles—the two groups in which Japan has quite a large share of the market; there were appreciable increases in exports of chemicals and machinery, in which Britain's predominance is greater. The whole of Britain's loss of share, therefore, can be put down to a loss of 'competitiveness' in the sterling area itself; there was an improvement in her relative performance in non-sterling third markets as a whole—in particular in exports to Latin America and to the Sino-Soviet bloc.

Part of the United States loss of share, on the other hand, was undoubtedly explained by the changing area pattern of trade; if one adds that part which is most obviously accounted for by the steel strike—the fall in exports of base metals—between them these two factors account for over half the fall in the United States share. But it is noticeable that her competitive position worsened in all the six other commodity groups, as well as in base metals. Just as most of Britain's 'competitive' loss was with the sterling area, so most of the United States 'competitive' loss was with Latin America.

France benefited little from the changed pattern of trade; her gains were mainly 'competitive' ones, and were widespread—in all the big areas except the one which includes her own monetary zone, and in five out of the seven commodity groups. West Germany, on the other hand, was helped considerably by the pattern of trade, and her 'competitive' gain was smaller than that of France: rather surprisingly, she

lost ground in Europe, and in machinery (taking electrical and other machinery together). Japan's success in raising her exports is the more impressive, since the pattern of trade moved against her appreciably. Her 'competitive' gain was bigger than that of any other country; it was particularly marked in the sterling area, and in electrical machinery and transport equipment.

Britain and the sterling area

Both in the long and in the short term, Britain's most serious loss of share has been in her trade with the sterling area. In the five years since 1954, her share in this market has fallen from 57.5 per cent to 48.5 per cent (table 7); this fall accounts for two-fifths⁽²⁾ of the total fall in her share in world exports of manufactures; and in 1959, the whole of her 'competitive' loss of share was with the sterling area. This development does not appear to be due to any change to Britain's disadvantage in the pattern of trade within the sterling area in 1959; taking the five countries' exports to the four main sterling markets, the ones where Britain's share is high (Australia and New Zealand) were stable, while the ones where her share is lower (India and South Africa) contracted.

The sterling area is becoming much less of a 'protected' market than it used to be. This protection has consisted not only of Commonwealth preference, but also of discrimination against dollar and Japanese goods. Commonwealth preference margins have been reduced; dollar discrimination is by now almost completely abolished; and various agreements have been reached to allow more Japanese goods into the overseas sterling area.

This gradual dismantling of the protection which Britain has enjoyed no doubt explains a good deal of her falling share. The figures certainly suggest that this has been so in recent years in the Australian market, for instance (table 8). In July 1957, Australia concluded a trade agreement with Japan; subse-

⁽¹⁾This is not necessarily true of total world trade in manufactures, since other countries whose performance is not analysed here (Belgium, Canada, Italy, Luxembourg, the Netherlands, Sweden and Switzerland) will almost certainly have gained by the change in pattern.

⁽²⁾The proportion is not larger than this, because the sterling area's total imports rose relatively slowly.

Table 8. Shares in Australian imports of manufactures^(a) from the five main exporters^(b)

	Per cent				
	1954/55	1955/56	1956/57	1957/58	1958/59
United Kingdom					
Textiles and clothing	78	72	75	66	59
Aircraft and land vehicles, etc.	77	75	70	69	65
Other machinery	69	68	69	67	62
Metals and other metal manufactures	72	70	78	80	77
Total	73	72	72	70	66
United States^(c)					
Aircraft and land vehicles, etc.	15	15	18	17	20
Other machinery	26	26	25	25	28
Metals and other metal manufactures	15	11	14	10	9
Total	14	14	15	15	17
West Germany					
Aircraft and land vehicles, etc.	5	7	9	11	12
Other machinery	5	5	6	7	8
Metals and other metal manufactures	4	4	4	6	6
Textiles and clothing	5	7	6	7	6
Total	6	7	8	9	9
Japan^(d)					
Textiles and clothing	11	13	13	22	30
Metals and other metal manufactures	5	11	2	2	4
Total	4	4	3	5	6

Source : Australian Trade Accounts.

(a) The relative importance of the four commodity groups shown—as a percentage of Australian imports in 1958/59—was as follows : textiles and clothing, 15 per cent ; aircraft and land vehicles, etc., 19 per cent ; metals and other metal manufactures, 10 per cent ; other machinery, 13 per cent.

(b) Although France's exports are included in the total, her share is not shown separately, as in this period it was never bigger than 3 per cent.

(c) The United States share in textiles and clothing was negligible.

(d) Japan's share in the other two commodity groups was negligible.

quently Japan's exports of textiles and clothing rose very rapidly. By 1958, discrimination against dollar goods was being relaxed : and between 1957/58 and 1958/59 the United States share in 'other machinery' rose from 25 to 28 per cent.

Conclusion

It seems probable that in 1960 Britain's share in world trade in manufactures will fall again. It rose a little between the fourth quarter of 1959 and the first quarter of 1960 :⁽¹⁾ but this is a seasonal rise, and in fact it was smaller this year than on the two previous occasions.

This year, the United States shows every sign of a much better export performance than last year : the absence of a steel strike alone should improve her position appreciably. Her share in world trade in manufactures rose 1½ points, from 19.3 to 20.8 per cent in the first quarter. France's exports still appear to be rising rapidly, and the figures do not as yet show any check to the rising trend in Germany's

exports either. But there was a sharp drop in Japan's exports in the first quarter, and her share in the total went down a point.

This article does not set out to deal with the policy issues which this falling share raises : the purpose of policy is not so much to maintain a particular share in world markets, as to maintain a reasonable rate of economic expansion and still have an adequate balance of payments surplus. This is a wider question, covering import as well as export policy. But it is relevant to policy to establish that Britain's falling share in world trade in manufactures is not explained, to any great extent, by changes in the pattern of world trade ; that a good deal of it is due to her falling share in sterling markets ; and that this has probably been associated, in the last two or three years, with the reduced protection which she has enjoyed in these markets.

The decline in discrimination will almost certainly not be reversed. Its effects are likely to persist for some time. Britain enjoyed more discrimination in her favour by quota and tariff than other countries, and therefore has more to lose as it ends.

⁽¹⁾Appendix, table 21.

DEFENCE EXPENDITURE

In discussions of defence policy and of disarmament there are often references to the economic aspects of defence expenditure. This article is intended to provide a background to such discussions. It is a factual and statistical analysis of the level and pattern of defence expenditure over the past ten years. The sources and methods used in the estimates are described in an appendix.

The general level of expenditure

After the outbreak of the Korean war in 1950, plans were made to increase defence expenditure sharply, starting in 1951. The planned level of expenditure in real terms was never reached. Nevertheless real defence expenditure was raised by nearly 60 per cent between 1950 and 1953. As a share of the gross national product it rose from 7.0 to 10.3 per cent. Since 1953 defence expenditure in money terms has changed little. But because of big increases in forces' pay, the value of money spent on defence has declined more than the value of money in general. Consequently, real defence expenditure fell by about one quarter between 1954 and 1959; the share in the

gross national product fell to 7.5 per cent (table 1).⁽¹⁾ The main changes in policy during this period were the ending of conscription and the increased reliance on nuclear weapons.

International comparisons

In other European countries and in North America too, the proportion of the national product devoted to defence rose after the Korean war and has generally since declined again. But, throughout the period, the share devoted to defence by Britain has been high compared with other countries. In 1950 it exceeded that of the United States, where post-war disarmament had been carried further. Since then the United States has had the highest ratio, but Britain has been second, followed fairly closely by France and Canada (table 2).

These national figures of defence expenditure in relation to the national product are probably not the best guide to the comparative burden of defence in different countries. The relationship is influenced by differences in the pattern of prices in different countries, and it is not possible to compare their defence

This article was prepared by Miss D. C. Paige, of the National Institute.

⁽¹⁾The figures given in table 1 and subsequently exclude expenditure on civil defence. This was very small, and—omitting changes in the value of stocks—amounted to only £35 million in 1953, falling to £17 million in 1958.

Table 1. Defence expenditure and national product

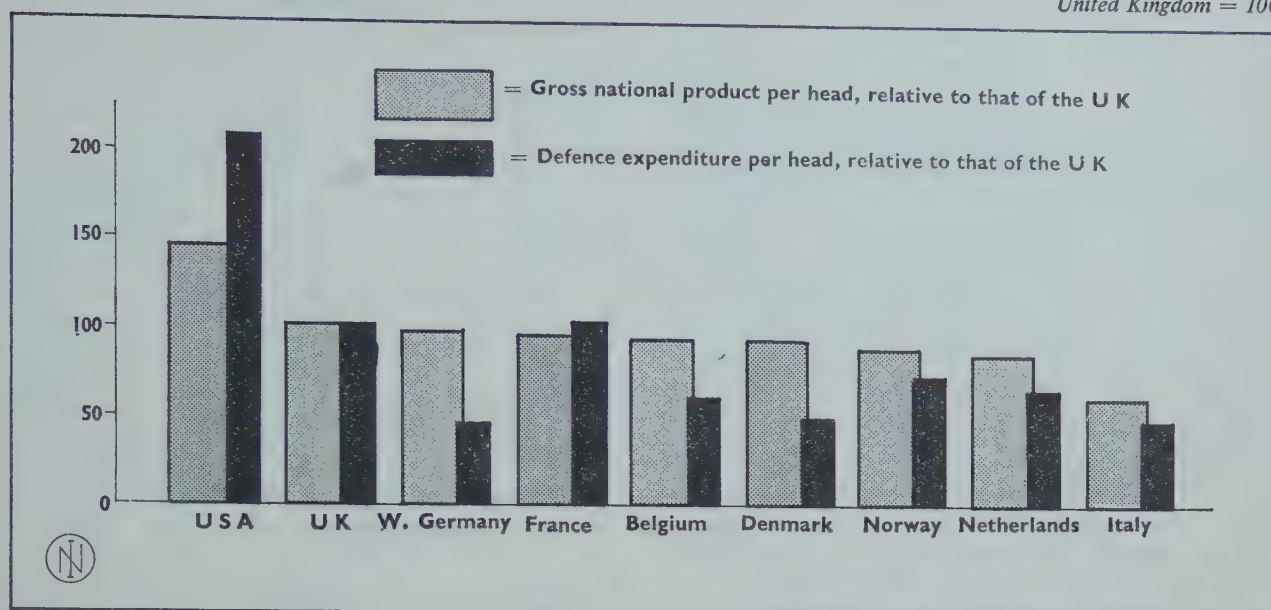
	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960 esti- mate ^(a)
£ million											
Military expenditure											
Current goods and services ..	820	1,090	1,450	1,540	1,554	1,524	1,625	1,550	1,544	1,553	1,630
Per cent of gross national product at factor cost	7.0	8.5	10.4	10.3	9.7	9.0	8.9	8.0	7.7	7.5	7.5
Gross fixed capital formation											
Trading	8	36	58	52	22	8	6	9	3	..	..
Other	24	34	44	43	36	40	51	60	55	..	..
Increase in value of stocks ..	—	6	6	—	—1	—1	—3	—3	—4	..	..
Grants											
Abroad	7	12	15	15	18	21	16	13	13	..	..
Other	2	2	2	2	3	3	3	3	3	..	..
Total	861	1,180	1,575	1,652	1,632	1,595	1,698	1,632	1,614	1,623^(a)	1,700
Defence expenditure on current goods and services											
Total, at constant (1954) prices Index, 1954 = 100	1,027 66	1,224 79	1,515 97	1,583 102	1,554 100	1,457 94	1,423 92	1,282 83	1,220 79	1,210 ^(a) 78 ^(a)	1,240 80
Armaments and engineering pro- ducts, at constant (1954) prices Index, 1954 = 100	270 43	385 62	555 89	630 101	625 100	595 95	570 91	545 87	505 81	540 86	

Source : National Income and Expenditure, 1958 and 1959, *Economic Survey*, 1959 and 1960.

(a) NIESR estimates.

Chart 1. International comparisons of gross national product and defence expenditure

United Kingdom = 100



Source : See Appendix.

contributions per head directly. Moreover the estimates do not indicate how far the differences in the relationship of defence expenditure to national income are accompanied by differences in the wealth of different countries : just as a rich man can pay a high proportion of his income in taxation with less sacrifice than a poor man, so a rich country can devote a high proportion of its income to defence with less sacrifice than a poor country.

Table 2. The share of defence expenditure in total gross national product (at factor cost)

Per cent

	1950	1952	1955	1958
NATO countries				
United States	5.5	14.6	11.0	11.1
United Kingdom	7.0	10.4	9.0	7.7
France	6.2	10.0	6.0	7.0
Canada	3.6	9.2	7.8	6.1
Greece	7.0	7.6	6.4	6.3
Germany ^(a)	5.2	6.5	4.0	3.2
Netherlands	4.4	5.9	5.9	4.7
Italy	4.6	5.6	4.6	4.3
Belgium	2.3	4.9	3.8	3.5
Turkey	6.4	4.5	4.2	3.0
Norway	2.4	4.3	4.0	3.9
Portugal	n.a.	3.5	4.2	3.6
Denmark	1.8	3.2	3.7	3.2
Other OEEC countries				
Sweden	4.3	5.1	5.5	5.9
Switzerland	2.7	4.1	2.7	3.3
Ireland	1.4	1.7	1.4	1.2
Austria ^(b)	1.8	0.6	0.2	1.7

Source : See Appendix.

(a) Figures are for occupation costs only until mid-1955.

(b) Figures for 1950 and 1952 are for occupation costs.

As an alternative, estimates of defence expenditure per head and national product per head of nine countries, all measured in a common set of prices (those of the United States), are given in table 3, and shown in chart 1. These estimates suggest that, even after allowing for differences in income per head, Britain's defence expenditure per head has been unusually high compared with that of other European countries apart from France. The United States defence expenditure has been considerably higher but so is her real income. At the other end of the scale, Italy's defence burden appears high in relation to her much lower per capita income ; and (judging by table 2) the same is true to an even greater degree of Greece.⁽²⁾ Defence expenditure in Germany in the earlier years consisted of occupation costs, and in the later years has been small in relation to her income.

The pattern of British defence expenditure

In order to establish the pattern of defence expenditure, it is necessary to turn from the figures given in the national income accounts to the more detailed figures given in the Budget Estimates and Appropriation Accounts. These figures refer to financial years, not calendar years. Their coverage differs slightly from that of the figures given in the national income accounts (see Appendix, page 37).

Table 4 shows the distribution of planned expenditure under four main headings and the extent to which actual expenditure fell short of, or exceeded, planned expenditure.

⁽²⁾In both Italy and Greece spending has, however, been mainly on manpower rather than defence goods. Since there is substantial under-employment this may entail little real sacrifice.

The planned increase in defence expenditure after the outbreak of the Korean war was heavily concentrated on production, supplies and research. There was a comparatively small increase in the size of the forces and in forces' pay. By 1954/55 planned expenditure on production, supplies and research (in money value) was $2\frac{1}{2}$ times that in 1950/51. There were, however, considerable shortfalls in the years 1953/54 to 1955/56; and from 1956/57 to 1958/59 expenditure on production, supplies and research declined in money terms, despite rising prices. Since 1955/56 expenditure on forces' pay has risen because large increases in rates of pay more than offset the considerable decline in the size of the forces.

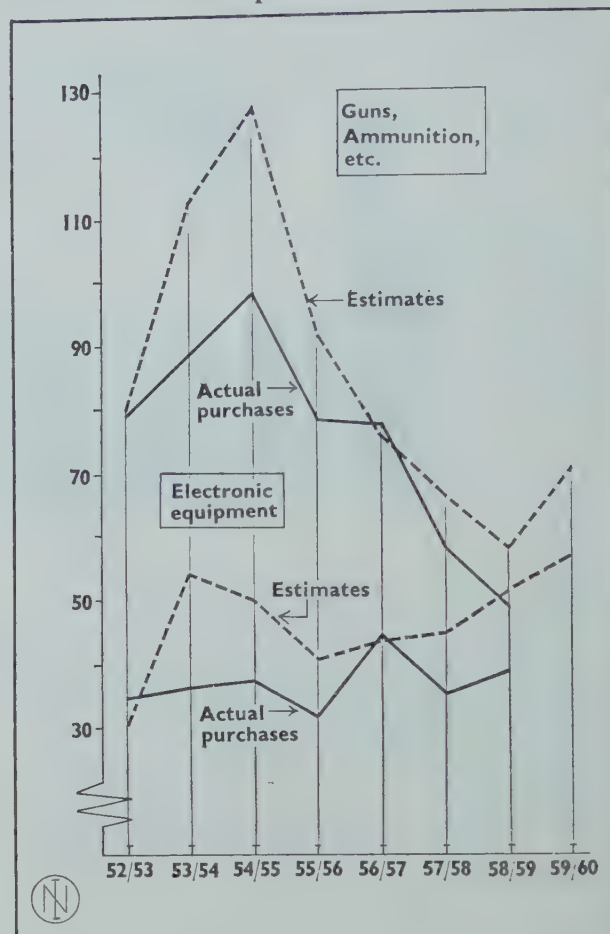
Spending on production, supplies and research is shown in more detail in table 5. The figures are for actual, not planned, expenditure and are again in money values. It will be seen that there has been a decline in nearly all the product groups, partly offset by a rise in the balancing item; this rise results from increased research and development expenditure.

The volume of expenditure on armaments and engineering products reached its peak in the year 1953 and declined 20 per cent from 1953 to 1958 (table 1). The main decline was in spending on motor transport and in spending on guns, armour and ammunition. The latter appears to indicate a large fall in spending on conventional weapons since the group must include any deliveries of finished nuclear weapons, and they presumably were rising. Expenditure on shipbuilding and ship repairs has been remarkably stable since 1953/54. Expenditure on aircraft has declined but is still large.

Expenditure on electronics has been fairly steady. Recently an increase has been planned but so far it has not been realised. There has also been an increase in the estimates for expenditure on guns, armour and ammunition which has also not been fulfilled. For these items the increases appear to be a reflection of increased reliance on new weapons, including missiles and nuclear weapons, of which delivery may have been delayed. Failure of expenditure to come up to the estimates has been common in the past when new types of equipment were being introduced. It has been most pronounced in the case of electronics (chart 2).

Spending on building and works has been comparatively stable. Expenditure on food, clothing and supplies (other than petroleum) is closely related to the size of the forces and has declined as the forces have been reduced. The marked rise in expenditure on clothing in the early 1950s and the subsequent decline were accompanied by big changes in stocks. Expenditure on petroleum has fallen, partly because of lower prices.

Chart 2. Comparisons of estimated with actual expenditure^(a) £ million



Source: Ministry of Supply Estimates and Appropriation Accounts.

(a) Since unspent appropriations are cancelled at the end of the fiscal year, the area between the graphs does not represent demand still outstanding.

Research and development

Table 6 shows expenditure on research and development by the defence departments. This covers a rather wide field than that included in the defence statistics of production, supplies and research (Appendix, page 37); it appears fairly close to the DSIR estimate of £178 million spent on research and development from defence funds in 1955/56.⁽¹⁾ Since that date expenditure has increased steeply.

The DSIR estimates showed that in 1955/56 almost 60 per cent of national expenditure on research and development was financed from defence funds, and nearly two-thirds of the research done by private industry was on defence contracts. By 1958 defence contracts accounted for less than half of private industry's research work,⁽²⁾ and the share of defence in total expenditure also appears to have fallen to

⁽¹⁾ *Estimates of Resources devoted to Scientific & Engineering Research and Development in British Manufacturing Industry, 1955* (Department of Scientific and Industrial Research 1958).

⁽²⁾ *Industrial Research & Development Expenditure 1958* (DSIR 1960).

Table 3. International comparisons : indices of gross national product per head and defence expenditure per head

As per cent of United Kingdom figures

	Gross national product per head				Defence expenditure per head			
	1950	1952	1955	1958	1950	1952	1955	1958
United States	161	172	157	148	109	223	178	208
United Kingdom	100	100	100	100	100	100	100	100
France	86	90	87	95	89	92	61	101
Netherlands	84	85	83	85	71	58	70	69
Belgium	93	97	92	93	50	71	57	62
Germany	69	80	91	98	50 ^(a)	51 ^(a)	39 ^(a)	43
Norway	95	99	95	88	48	59	61	72
Denmark	99	96	88	93	36	41	45	48
Italy	48	52	55	61	35	36	39	49

Source : See Appendix.

(a) Until mid-1955 the figures are for occupation costs only.

Table 4. The defence budget

£ million

	1949/50	1950/51	1951/52	1952/53	1953/54	1954/55	1955/56	1956/57	1957/58	1958/59	1959/60	1960/61
A. Estimates												
1. Forces' pay	211	198	268 ^(a)	291	303	305	309	363	345	355	355	365
2. Civilian pay	117	112	120 ^(a)	138	153	161	170	208	212	205	211	242
3. Production, supplies and research	445	503	755 ^(a)	1,095	1,251	1,271	1,207	1,167	1,053	994	1,004	1,121
4. Miscellaneous expenditure	87	86	100 ^(a)	102	122	127	127	145	140	156	157	165
5. Total gross estimate	860	899	1,243 ^(a)	1,626	1,830	1,864	1,813	1,883	1,750	1,710	1,727	1,894
6. Less appropriations-in-aid	-100	-119	-129 ^(a)	-249	-333	-309	-319	-384	-330	-292	-225	-276
7. Original net estimate	760	781	1,114	1,377	1,496	1,555	1,494	1,499	1,420	1,418	1,502	1,618
8. Plus supplementary estimate (net)	6	40	16	52	—	—	10	-22	45	80	14	..
9. Total provision voted by Parliament	766	821	1,130	1,429	1,496	1,555	1,504	1,477	1,465	1,498	1,506	1,618
B. Actual net expenditure	754 ^(a)	795 ^(a)	1,123	1,392	1,358	1,458	1,407	1,536	1,447 ^(a)	1,457 ^(a)	..	..
C. Shortfall (-) or surplus (+) of actual expenditure on original estimate												
10. Net shortfall (line B minus line 7)	-6	+14	+9	+15	-138	-97	-87	+37	+27	+39	..	..
11. Shortfall of appropriations-in-aid	-7	—	—	-1	-18	-26	-12	-14	-19	-42	..	..
12. Gross shortfall (-) or surplus (+) of which	-13	+14	+9	+14	-156	-123	-99	+23	+8	+3	..	..
13. Production, supplies and research	-5	-3	+6	0	-141	-136	-110	+8	-13	-18	..	..
14. Pay and other items	-8	+17	+3	+14	-15	+13	+11	+15	+21	+21	..	..

Source : See Appendix.

(a) Approximate figures only : See Appendix.

Table 5. Actual defence expenditure on production, supplies and research

£ million

	1949/50	1950/51	1951/52	1952/53	1953/54	1954/55	1955/56	1956/57	1957/58	1958/59	1959/60 (Estimates) ^(a)	1960/61 (Estimates)
Aircraft and equipment..	85	86	113	162	203	251	229	232	240	200	210	209
Electronics	.. ^(b)	.. ^(b)	.. ^(b)	35	36	37	32	44	36	38	57	135 ^(c)
Guns, armour and ammunition	8	14	32	91	97	104	85	84	63	52	74	
Motor transport	29	30	44	106	118	92	79	74	46	37	34	31
Shipbuilding and ship repair	27	30	41	69	83	81	76	77	79	97	99	93
Other	24 ^(b)	26 ^(b)	42 ^(b)	61	55	49	44	40	40	35	34	33
Total : armaments and engineering products ..	173	186	272	524	592	614	545	551	504	459	508	501
Works and buildings ..	73	83	142	173	152	144	169	191	155	141	153	164
Food	54	47	68	76	77	75	75	76	70	67	63	63
Clothing and textiles ..	13	20	89	105	50	39	29	15	7	4	5	8
Petroleum products ..	35	34	62	87	91	88	79	79	69	64	61	66
Other fuels	11	12	15 ^(d)	17	18	20	21	31	33	30	28	25
Total of above	359	382	648	982	980	980	918	943	838	765	818	827
Less Ministry of Supply sales other than to Service departments..	-18	-11	-19	-47	-40	-81	-102	-87	-64	-44	-62	-44
Balance (including research and development)	99	129	132 ^(d)	160	170	236	281	319	266	255	256	338
Total	440	500	761^(d)	1,095	1,110	1,135	1,097	1,175	1,040	976	1,012	1,121

Source : See Appendix.

(a) Includes supplementary estimate. (b) From 1949/50 to 1951/52, electronics are included in other armaments and engineering products.

(c) Of this £98 million were purchases (including electronics) by the Ministry of Supply and £37 million guns, armour and ammunition purchased by the War Office and the Admiralty.

(d) Rough approximations only as the defence budget gross estimates were not issued for 1951/52.

Table 6. Research and development expenditure by the defence departments

£ million

	1949/50	1950/51	1951/52	1952/53	1953/54	1954/55	1955/56	1956/57	1957/58	1958/59	1959/60 (Estimates)	1960/61 (Estimates)
Ministry of Supply												
Work contracted to industry, etc.	41	37	42	63	74	97	112	140	168	144	164	178 ^(a)
Work done in own establishments	20	26	32	47	53	42	46	47	48	48	50	47 ^(b)
Total	61	63	74	110	127	139	158	187	216	192	214	225
Admiralty	8	8	11	14	14	15	15	17	17	16	17	19
Total	69	71	85	124	141	154	173	204	233	208	231	244

Source : See Appendix.

(a) £175 million by Ministry of Aviation and £3 million by War Office.

(b) £36 million by Ministry of Aviation and £11 million by War Office.

about 40-50 per cent.⁽¹⁾ This fall in the share of defence work was largely due to the rapid expansion of private research and development, but in 1958/59 defence expenditure was unusually low.⁽²⁾ In 1957/58 defence work probably accounted for nearly 55 per cent of the total, and—by judging by planned expenditure—it has probably been rather less than this in 1959/60.

The proportion of professionally qualified scientists and engineers employed in defence work is rather lower than might be expected from the figures of expenditure. Each qualified research worker in defence work at present uses more ancillary manpower and materials than his opposite number in civilian work.⁽³⁾ In 1956 defence projects are estimated to have absorbed 40 per cent of all professionally qualified scientists and engineers employed on research and development. By 1959 the proportion is estimated to have dropped to about 25 per cent, but the decline was due more to the increase in the total number of qualified scientists and engineers than to a decline in the number working on defence.⁽⁴⁾

If the number of scientists and engineers employed on defence is compared with the total number in the country, including those employed on production and other activities apart from research and development, the defence proportion is rather lower: 20 thousand out of 154 thousand in 1959. But on any reckoning the proportion of qualified scientific and engineering talent absorbed by defence is strikingly high. The shortage of technological manpower is now less acute, but in 1959 there were still 10 thousand unfilled vacancies for qualified scientists and engineers. Research financed by defence funds may have peaceful as well as military applications, but it can scarcely be the best way of achieving such results. There is no other field where the conflict between defence and civil claims is so pronounced.

Nuclear armaments

In the Defence Budget it is not possible to distinguish the cost of nuclear weapons. It is included in some of the other items already discussed, such as research and development and arms. The only information to hand was given by the Prime Minister

in the House of Commons on 30th May, when he stated that in 1960/61 expenditure on conventional forces accounted for £1,450 million of the defence budget expenditure of £1,618 million.⁽⁵⁾ That leaves £170 million for nuclear weapons and associated expenditure. This would appear to include the £45 million originally mentioned as the expenditure required for Blue Streak this year; but it appears to exclude V bombers.

This figure for expenditure on nuclear arms, although relatively small, probably represents a considerable increase on the figure of a few years earlier. Expenditure on nuclear weapons and research was not included in the Defence Budget until 1954/55, and a comparison of expenditures before and after that date suggests that it was then not more than perhaps a quarter or a third of the 1960/61 figure.

Service manpower

The size of the forces is now considerably smaller than it was before the Korean war (table 7). In 1950—the lowest point after the end of the war—total strength was 720 thousand; it rose to 870 thousand in 1953 during the post-Korean period, and has now fallen to 528 thousand, with a further fall of some 40 thousand expected by April 1961.

This substantial drop—44 per cent over eight years—has been mainly due to the reduction in national service. National servicemen accounted for over 35 per cent of the total services until 1957, but by 1961 only 71 thousand (14 per cent of the reduced total) will remain. From an economic stand-point this change has had two main effects. First, the re-employment problems resulting from a reduction in the services have been small, as the regular forces have fallen by only one-third, spread over eight years. Secondly, the change from a largely conscript to a professional army has required a major increase in pay. Between 1953/54 and 1960/61, average per capita earnings in the services increased from £326 per annum to £680 per annum—by 110 per cent. Over the same period wages in general increased by about 40 per cent and average final prices by about 20 per cent.

The reduction in numbers has been large in all three services. By April 1961 the Army is expected to be at only just over half its 1953 strength, whilst the Air Force and Navy are expected to be at 59 per cent and 66 per cent of their 1953 strengths.

Civilian employment

The Service departments also employ a large number of civilians in Britain, ranging from civil servants and clerical staff to so-called 'industrial staff', a category which comprises a wide range of

⁽¹⁾ B. Williams ('Research & Development in Britain', *London and Cambridge Economic Bulletin*, Times Review of Industry, March 1960) estimated defence expenditure at £165-170 million in 1958/59. On the basis of the later DSIR report this is clearly much too low, but the error appears to be in the division of private industry's research expenditure between military and civil work; the total research estimate of £445 million appears correct.

⁽²⁾ Actual expenditure fell short of planned expenditure by over £20 million.

⁽³⁾ Williams, *op. cit.*

⁽⁴⁾ *Scientific and Engineering Manpower in Great Britain*, 1959, HMSO, Nov. 1959, page 14.

⁽⁵⁾ *Weekly Hansard*, no. 492, 27 May-3 June 1960, col. 1,004.

manual workers including those working for the United States forces in this country. In total, there are about 250 thousand in these two categories (table 7). This excludes those engaged on production and research at Royal Ordnance factories and other establishments.⁽¹⁾

Although the number in uniform has declined heavily, the number of civilians employed by the Service departments has not fallen much. The total has been reduced by about 12½ per cent since 1954. This has been mainly a reduction in 'industrial staff'. Employment of non-industrial staff has changed little.

In addition to those employed in Britain, there are now about 125 thousand locally-employed staff overseas, compared with just on 200 thousand in 1956.

The share of defence in total output and employment

The forces and direct civilian employment accounted in 1954/55 for 4.6 per cent of the total working population. By 1959/60 this had fallen to 3.2 per cent. In addition, however, defence production and research employs a large number of workers both in the industries directly engaged on defence orders and in the fuel, transport, service, and materials industries supplying the firms engaged in defence work. In total it is estimated that defence production and research purchases were equivalent to an employment of about 1.35 million persons in 1954/55, falling to 950 thousand in 1959/60.⁽²⁾ This brings the total employment equivalent of defence expenditures to 10.1 per cent in 1954/55 and 7 per cent in 1959/60 (table 8).

Table 8. Total employment equivalent of defence expenditure

	Thousands		
	1949/50	1954/55	1959/60
Direct employment			
Military	750	835	555
Civilian	250	280	245
Employment equivalent of production and research ^(a) ..	655	1,350	950
Total	1,655	2,465	1,750
<i>As per cent of total working population</i>	<i>7.1</i>	<i>10.1</i>	<i>7.0</i>

Source : See Appendix.

(a) NIESR estimates.

⁽¹⁾These are included under the heading 'employment equivalent of production and research' in table 8.

⁽²⁾The coverage of these estimates is very much wider than those officially reported to be engaged on defence production in manufacturing. See Appendix, page 39.

The incidence of this employment is very uneven upon the various industries (table 9). The aircraft industry is mainly dependent upon defence orders, and defence work accounted for 79 per cent of output in 1954/55 and 54 per cent in 1959/60. In parts of the electrical engineering industry, particularly electronics, the share of defence work is also very high but no accurate estimate can be given. For the metal-using industries as a whole, defence work accounted for nearly 15 per cent in 1954/55 but this has now fallen to 8 per cent. In shipbuilding the share is still more than one-fifth. In motor vehicles, construction, and food and clothing supplies the defence share is small. It is certainly larger in petroleum products, but cannot be accurately estimated. Chart 3 gives a general picture of the share of defence in the economy.

Table 9. The share of defence production in total output

	Per cent		
	1949/50	1954/55	1959/60
Aircraft	65	79	54
Research and development ^(a) ..	..	59 ^(b)	47 ^(c)
Shipbuilding and repairs ..	9	24	22
Metals, engineering and vehicles	6	14	8
Motor vehicles	7.6	8.3	2.9
Construction	4.6	6.4	5.1
Clothing and textiles	0.9	2.8	0.3
Food ^(d)	2.6	2.3	1.5

Source : See Appendix.

(a) Percentage of total expenditure.

(b) 1955/56.

(c) 1958/59.

(d) Percentage of total consumption.

The balance of payments

A surprisingly large part of defence expenditure is a burden on the balance of payments. It arises directly or indirectly from the stationing of troops abroad, the maintenance of bases and fleets overseas and from contributions to foreign governments and international organisations. The cost of direct purchases abroad of equipment and supplies for the forces overseas, of wages of locally-engaged staff, of grants to foreign governments and of other expenditure incurred abroad, was about £175 million in 1959. Apart from a temporary hump caused by Suez, it has risen fairly persistently since 1951. The increase has probably been largely due to price increases, implying a constant level of real expenditure abroad in contrast to the fall at home. The present level of expenditure is equal to 5 per cent of Britain's total visible exports.

Table 7. Numbers in the forces and direct civilian employment on defence

Thousands at 1 April of each year

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961 esti- mate
Armed Forces and Women's Services												
Regular	423	467	522	534	524	518	467	451	417	411	393	402
National Service ..	269	320	318	313	298	285	289	253	196	153	119	71
Women's Services ..	27	22	23	24	23	21	17	15	14	15	16	17
Total	719	809	863	871	846	824	773	719	626	579	528	490
<i>of which</i>												
Army	376	433	447	448	447	437	408	375	328	303	266	230
Navy	140	138	145	146	134	128	122	116	106	101	98	97
Air Force	202	238	271	277	265	258	243	228	191	173	164	163
Civilian employment^(a) in United Kingdom												
Non-industrial ..	97	100	109	108	108	109	109	107	104	103	108	..
Industrial	151	157	168	170	172	169	166	162	150	143	136	..
Total	248	257	277	278	280	278	275	269	254	246	244	
Locally engaged over-seas ^(b)	165	149	126	130	131	132	190 ^(b)	179	144	125	124	..

Source : See Appendix.

(a) Excluding production and research. (b) The figures from 1956 onwards are not comparable with those for previous years (see Appendix).

Table 10. Defence expenditure and the balance of payments

£ million

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959 ^(p)
Debits										
Current government expenditure abroad on defence ^(a)										
Sterling area	65	78	92	90	99	105	127	113	109	117
Non-sterling areas	35	48	49	54	52	52	52	50	74	57
Total	100	126	141	144	151	157	179	163	183	174
Credits										
Defence aid from the USA and Canada ^(b)	—	4	120	102	50	46	26	21	3	—
US and Canadian forces' expenditure in the United Kingdom	..	20	45	60	65	75	80	90	70	65
Offshore sales to the USA ..	—	—	1	18	37	41	39	40	18	12
Total	..	24	166	180	152	162	145	151	91	77

Source : United Kingdom balance of payments, 1946-1957, and United Kingdom balance of payments, 1957 to 1959, Cmnd. 977.

(a) Includes only net cost of forces in Germany after deduction of contributions received from German Government.

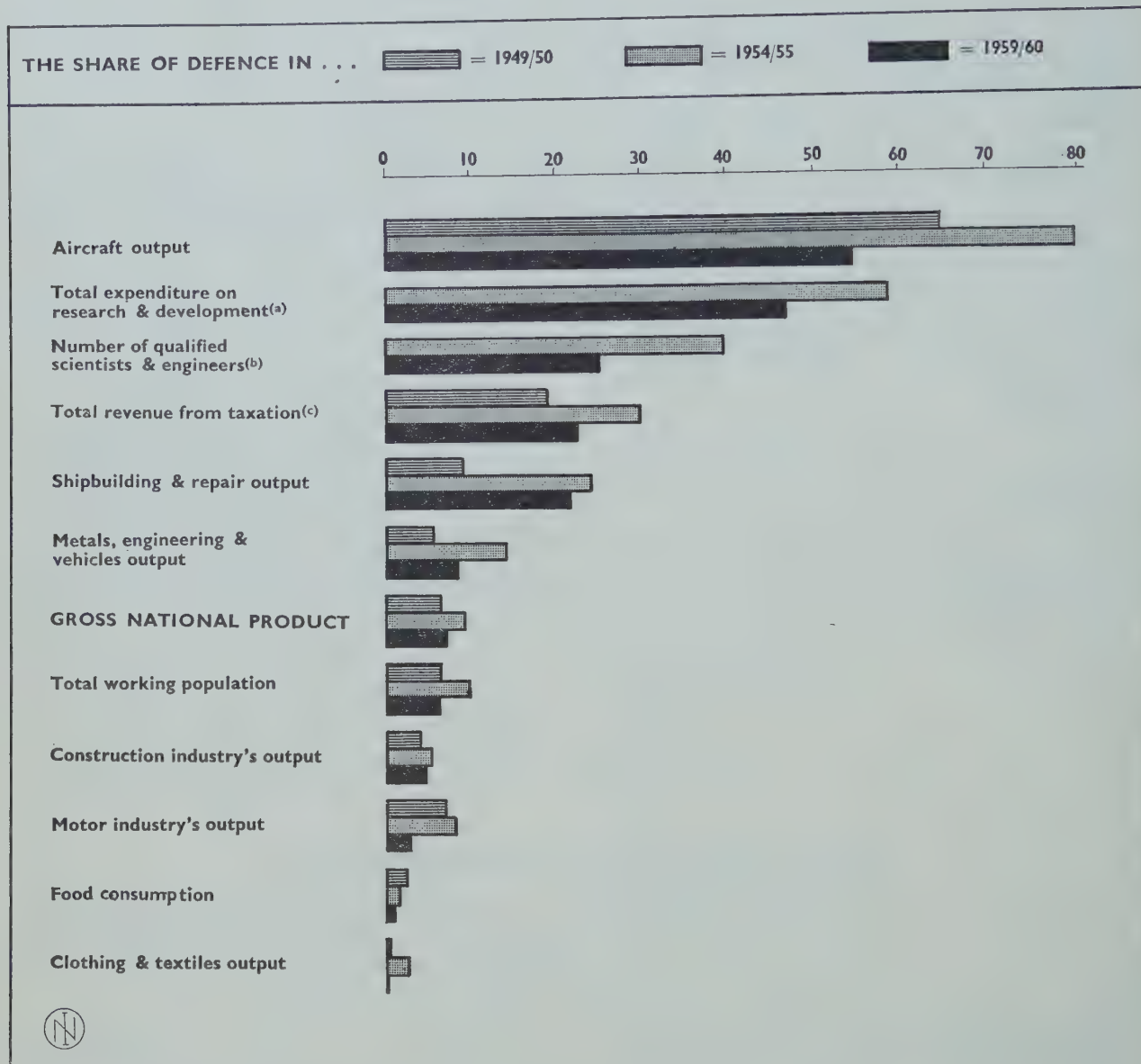
(b) Gross of US share of counterpart funds.

(p) Provisional.

Chart 3. The share of defence expenditure

The bars show the share of defence expenditure in various sectors of the economy in 1949/50, 1954/55 and 1959/60

Per cent



Source : See Appendix.

(a) For the years 1955/56 and 1958/59.

(b) For the years 1956 and 1959.

(c) Total defence expenditure as a percentage of total tax revenue, including national insurance contributions and local rates.

Out of the total for 1959, two-thirds was spent in the sterling area, one-third in non-sterling countries (table 10). Of the non-sterling expenditure, the largest single part was probably expenditure on the maintenance of our troops in Germany (excluding the amount paid for by the Germans).

Supplies and equipment purchased at home for the services, directly and indirectly, include imports of raw

materials, food and fuels ; available evidence suggests that the import content is no higher than the average for civilian production and may be below it. It cannot therefore be argued that in this respect defence is an extra burden : if labour employed in production for the services were turned to non-military work, the import bill would be no less.

American and Canadian aid, which in the early

1950's mitigated the foreign burden of defence, has now ceased, and offshore purchases in Britain by the United States Government have fallen away to a low figure. Expenditure by American troops stationed in Britain continues to bring in considerable amounts of foreign exchange, but whereas in the early 1950's receipts under these three headings—aid, offshore purchases and the expenditure of troops in Britain—exceeded direct overseas expenditure by Britain, it now falls short by about £100 million.

The full value of arms exports cannot be estimated, since the trade figures give no division between military and civil types of aircraft, motor vehicles, or ships. Exports of arms, ammunition and military stores alone, amounted to about £20 million in 1950, rising to £56 million in 1955 and falling again to £23 million by 1959.⁽¹⁾

⁽¹⁾These amounts include any gifts of arms by the United Kingdom; but these gifts would also be included on the debit side of the balance of payments.

STATISTICAL APPENDIX

International comparisons

The figures given in table 2 are derived from *Statistics of National Product and Expenditure*, No. 2, 1938 and 1947 to 1955 (OEEC 1957) and *OEEC General Statistics*, January 1960. In all cases defence expenditures have been related to gross national product at factor cost.

Table 3 and chart 1 are based upon 'Comparative National Products and Price Levels', Gilbert and associates, OEEC 1958. In this study the real national product of the eight European countries and the United States were compared by valuing the various categories of personal and public consumption and investment in a common set of prices. In the comparison defence expenditures were divided into two main categories: 'personnel' and 'other goods and services'. Real expenditure on personnel was measured by the numbers engaged in the armed forces and civilian defence employment. Expenditure on other goods and services was measured by applying appropriate price relatives obtained in other parts of the study to six groups of items (major equipment, construction, spare parts, gas and oil, other operating and maintenance and other). The figures given in table 3 are based on United States prices. Based on European prices the spread between the United States and the poorer European countries is still wider. This is because there is very much less difference in real personnel expenditures (for which European prices are low) than in expenditure on goods and services (for which European prices are high). Figures for 1952 and 1958 were interpolated from the sources to table 2.

British defence expenditure

The figures of defence expenditure shown in table 1 are based upon national accounts data, given in *National Income and Expenditure*, 1959. The more detailed analysis given in tables 4 and 5 had to be made from the Civil and Service Estimates and Appropriation Accounts, which relate to financial and not calendar years, and present various accounting problems. Apart from difficulties of double-counting and timing, the coverage of defence expenditures in the Estimates is narrower than that of the national accounts. The latter

are based on the internationally agreed definitions used for NATO and include⁽¹⁾ additionally: 'a major part' of the atomic energy vote in respect of goods and services and an imputed rental payment in respect of fixed assets; a 'larger share' of Ministry of Supply⁽²⁾ expenditures (which in both series are divided between civil and military); and the cost of internal security in overseas territories. They also include costs of services to the defence departments by other government departments, which amounted to £70 million in 1955/56 but had fallen to £20 million by 1958/59. In view of the various accounting differences, no reconciliation of the two series is possible, but it would seem that in 1958 the national accounts may have included some £150-175 million of expenditures on these items omitted from defence expenditures as defined in the Defence Estimates.

In most years defence expenditure as defined in the Estimates is summarised in the Defence Budget, which forms Annex II to the annual *Statement on Defence*. The analysis given in tables 4 and 5 has been made within the framework of this statement. The statement is based on the Estimates for the service departments and shows planned gross expenditure, the part of these to be met from government receipts allocated as appropriations-in-aid, and the remaining net expenditure for which provision is required to be voted in Parliament. The appropriations-in-aid as shown in table 4 include American Aid from counterpart funds, and German contributions from support costs. The other appropriations include a wide variety of government receipts, ranging from sales of stores and work done for other departments to charges made to service personnel for clothing, accommodation, etc. The breakdown by type of expenditure shown in tables 4 and 5 is based on gross expenditure, and includes some double counting.⁽³⁾ This has been netted out in the case of Ministry

⁽¹⁾ See *National Income Sources and Methods*, pages 249-252, and *National Income and Expenditure*, 1959.

⁽²⁾ Ministry of Civil Aviation in 1960/61.

⁽³⁾ Work done by the Air Force for the Army, for example, would be included in the gross expenditure of both Services, but payment by the Army would be offset as an appropriation-in-aid in the Air Force account.

of Supply purchases for the Service departments, but no other adjustments were possible. The alternative of working entirely from the net Estimates, however, would have omitted a substantial part of expenditures that are a genuine part of defence costs, although financed outside the Parliamentary vote. Moreover the detailed product breakdown given in table 5 can only be made in terms of gross expenditure.

The Defence Budget gives a breakdown of planned expenditures in nine categories. These follow the vote classification of the Army and Air Force Estimates, and for these departments more detailed information can readily be obtained from the Estimates. The Navy Estimates follow a different classification, and for some items detailed information in the Budget breakdown can be estimated only approximately. Further, the Defence Budget includes only part of Ministry of Supply expenditures, and the share included varies from year to year, so that here also a detailed breakdown is difficult to estimate.

The Defence Budget and the Service and Ministry of Supply Estimates relate to planned expenditures. Actual net expenditures against the Estimates have been published for the years 1951/52 to 1956/57 in *Hansard*⁽¹⁾, but these do not separate the different departmental and Service votes, and give no information on surpluses or excesses on the appropriations-in-aid which also affect gross expenditure. More detailed information, and the level of actual expenditure for other years, can only be estimated from the Service and Civil Appropriation Accounts which follow—in rather less detail—the classification of the corresponding estimates, and present the same difficulties.

We have thus four main sources of information—the Defence Budget, the Estimates, the statements of total net expenditures and the Appropriation Accounts. The following sections show how the estimates have been obtained from these.

Table 4. The Defence Budget

Lines 1-7 are from the Defence Budget. Line 1 includes Defence Budget items 1 and 2; line 2, Budget item 3; line 3, Budget items 5, 6 and 7; line 4, Budget items 4, 8 and 9. Line 6 includes appropriation-in-aid of American Aid counter-part funds and from 1955/56 German support costs. (Prior to 1955/56 expenditures paid for from German sources were not included in the Budget.) Rough estimates were made for 1951-52 (for which no Defence White Paper was issued) from actual net expenditure and from the Estimates and Appropriation Accounts.

Lines 8, 9 and B are based on statements in Parliament for the years 1951-32 to 1956-57.⁽²⁾ For the other years estimates have been made from the Appropriation Accounts and Supplementary Estimates. Lines 11, 12 and 13 have been estimated from 8, 9 and 10 and the Appropriation Accounts.

The total shortfall or surplus of actual gross expenditure relates actual expenditure to the original estimates, taking no account of supplementary estimates. For the years 1951/52 to 1956/57 the shortfall or surplus on net expenditures and on aid appropriations is given in the source to lines 8-10, and to this has been added, or subtracted, any deficit or excess on the other appropriations as given in the Appropriation Accounts; for these years no account could be taken of any surplus or excess on Ministry of Supply appropriations as it is not clear which of these are charged to defence expenditures. For the other years both gross and net shortfalls were estimated from the Appropriation Accounts.

Table 5. Production supplies and research

In the case of armaments and engineering products, and clothing and textiles, purchases are made through the Ministry of Supply⁽³⁾ covering almost all the army and air force requirements and some part of naval requirements. These purchases are charged against a separate Repayment Vote, which also covers purchases for export, for civil departments, and some stores for Royal Ordnance factories, Ministry of Supply research establishments, etc. It is not possible to exclude these from the various product groups, and their amount is therefore deducted in total.⁽³⁾

The amounts shown for *aircraft and equipment, electronics, and motor transport* include only actual Ministry of Supply purchases. Direct purchases by the Services of these items cannot be identified but they appear to be extremely small and to include only minor local purchases and repairs. For *guns, armour and ammunition, clothing and textiles, and other armaments and engineering products*⁽⁴⁾ estimates of direct Admiralty purchases were added to Ministry of Supply purchases. Clothing allowances were not included as this would involve double counting where clothing is issued on repayment.

Food and petroleum products are purchased direct by the Services and expenditure was taken from the Services Appropriation Accounts. Ration allowances were included as these replace and do not duplicate direct purchases. Actual expenditure on *Other fuels* cannot be identified in the Appropriation Accounts and the amounts shown are taken from the Defence Budget without adjustment for shortfall or overspending.

Expenditure on *shipbuilding and ship repair* was estimated from the Navy Estimates and Appropriation Accounts. This estimate contains a larger margin of error than the other items because any shortfall or overspending cannot be accurately divided between shipbuilding and other (Ministry of Supply) items. Further the Defence Budget appears to include part, but not all, of the pay of dockyard industrial employees under the production heading. In the present estimate 50 per cent of dockyard labour⁽⁵⁾ was arbitrarily allocated to this item.

Expenditure on *works and buildings* were taken from the Appropriation Accounts. They include new buildings and repair and maintenance, both in the United Kingdom and overseas, and also rents and purchases of land and existing buildings.

Total expenditure on production, supplies and research was calculated by deducting or adding the shortfall or overspending shown in Table 4 from Defence Budget planned expenditure. Deduction of the various product items after allowance for Ministry of Supply outside sales (see above) leaves a balance of about 25 per cent in recent years. This includes the following items:

- (1) Ministry of Supply purchases of miscellaneous and general stores which cannot be allocated by products. (These amounted to about £40 million in 1952/53 falling sharply to £8 million in 1959/60.)
- (2) Local and miscellaneous purchases by the Services (including clothing allowances). Actual expenditures cannot be estimated, but the Estimates appear to have included about £60 million in most years.
- (3) Research and development which cannot be estimated within the defence budget definitions (see table 6 below).
- (4) A net timing and pricing adjustment, which is fairly substantial in some years, due to the fact that the product groups include payments by the Ministry of Supply to contractors, whereas the totals include payments by the Services to the Ministry of Supply.
- (5) Errors and omissions in other items.

Table 6. Research and development

The amount included in the Defence Budget for research and development cannot be directly estimated, as there is no way of allocating the defence estimate of Ministry of Supply expenditure between research and other items. Before 1954/55 the Ministry of Supply Vote included expenditure on atomic energy research but this was not covered in the defence budget. From 1954/55 onwards civil atomic research was included in the Atomic Energy Vote, but military nuclear research and development was charged to the Ministry of Supply and included in the Defence Budget.⁽⁶⁾ (This would appear to account for the sharp rise in the 'balance' in table 5 between 1953/54 and 1954/55). Table 6 shows total Ministry of Supply⁽⁷⁾ and Admiralty⁽⁸⁾ expenditure on research and development obtained from the Appropriation Accounts.

(1) See *Weekly Hansard* (Commons) 18 February 1957, written answers, col. 27, and 7 March 1957, written answers, col. 99.

(2) In 1960/61 these purchases were made partly by the Ministry of Aviation and partly through the War Office Repayment Vote.

(3) Exports and civil sales are deducted as they are not part of defence expenditure. Stores for defence production must also be excluded to avoid double counting of both the components and the end products.

(4) These include engineers' equipment, machinery for naval shore establishments and shipbuilding components and stores.

(5) This amounted to £8 million in 1949/50 steadily increasing to £16 million in 1960/61.

(6) *Statement on Defence*, 1954, Cmd, 9075.

(7) Vote B1, B2 and B3.

(8) Vote 6, N and 6, O.

These include civil and military atomic research up to 1953/54, and Ministry of Supply civil research expenditure throughout the period⁽¹⁾ and also include some wage and salary payments not classed under production and research in the defence expenditures.

The Defence Budget appears to have included an increasing share of Ministry of Supply research expenditure in recent years, but this may be due as much to classification changes as to changes in the actual proportions of military and civil research. In the most recent period it seems probable that at least 85-90 per cent of Ministry of Supply research expenditure is included in defence expenditure (mainly under production and research, but partly under civilian employment).

Table 7. Military and direct civilian employment on defence

Numbers in the armed forces and women's services are taken from the annual *Statements on Defence*. Numbers in civilian employment in the United Kingdom are based on the *Statistical Abstract* statement of employment in the defence departments adjusted to exclude those directly engaged in production and research so that the figures correspond roughly to the civilian pay estimates in table 4. Labour directly employed by the Air Ministry and the War Office on works services, as given in the Estimates, was excluded. Labour employed on works services by the Navy could be estimated only roughly: totals are given but not the proportions employed in the United Kingdom and overseas. Moreover it was necessary to exclude those engaged in shipbuilding and repair (as estimated for table 8) and armament production, and those employed on scientific research. Estimates for the Ministry of Supply were made directly from the Civil Estimates to include headquarters, inspection, storage and canteen staff.

Numbers of locally-engaged staff overseas are derived from the details quoted in the Service estimates. The Army estimates for 1955/56 and 1956/57 show figures of locally-engaged staff at 1 April 1955 of 79 thousand on the old basis and 173 thousand on the revised procedure. Similar figures for the Navy and Air Force are not available, but the numbers involved appear to be small.

Table 8. Total direct and indirect employment on defence

Total employment on defence production has been calculated by assuming the gross domestic product per capita on defence work to be the same as that for the economy as a whole. Total expenditure on production supplies and research was adjusted to exclude overseas expenditure on buildings and local labour; petroleum products, which were treated as entirely imported; and the approximate import content of

defence production. The remaining expenditure then constitutes a direct charge on the home economy, and its labour equivalent was estimated by dividing the total by the gross domestic product (excluding dwellings and public administration) per person in civil employment (excluding public administration). When the resulting figures are added to direct employment, civilian and service, the total share of the working population engaged in defence is, as one would expect, very close to the defence share of the national product.

The indirect employment figures thus obtained are substantially higher than those given in the House of Commons which cover workers on defence production in manufacturing (which were recorded as 800 thousand in October 1951, and 490 thousand in May 1958).⁽²⁾ This is to be expected because, by the method of calculation, the figures in table 8 include construction, transport and service workers directly and indirectly engaged in defence production, as well as a proportionate share of workers producing materials, fuels, packing materials, etc. Even after allowing for differences in dates and coverage, however, the fall in the official series appears to be substantially greater than that obtained by the indirect method, and very high in relation to the change in the volume of armaments production (see table 1). This may be due partly to a shift in defence production to industries with a high net output per head (i.e. capital intensive industries employing highly skilled labour). Further, the present pattern of defence production may employ a larger share of general purpose materials, stores and services not classed as defence work. For this and other reasons, there has probably been a change in the proportion of defence work reported as such.

Table 9. The share of defence production in total output

The share of defence production in total output was calculated by relating defence expenditure, as shown in table 5, to estimates of total gross output of the appropriate industries, free of duplication. For the aircraft industry total output was estimated as the sum of defence work, exports and home investment. For shipbuilding, the gross output of the shipbuilding industry and part of that of the marine engineering industry were taken from the Census of Production, and projected for 1959/60 by production and price indices. Value figures of deliveries of the main products of the motor vehicle industry are directly available, and also of the gross output of the construction industry. Gross output, free of duplication, of the metal-using industries is given for most years in the *Economic Survey*, and these figures interpolated and extrapolated where necessary by price and production indices. Similar estimates were made for clothing and textiles from *National Income and Expenditure* 1958, table 17, and Census of Production data. Defence food purchases were adjusted to a retail price basis and related to consumers' expenditure. Research and development expenditure was based on DSIR estimates (see pages 30 and 33).

(1) In 1960/61 £9 million payments previously included under B3 for assistance in development of transport aircraft are shown separately in the Ministry of Aviation Vote. In table 6, however, this item has been included in 1960/61 to show greater comparability with earlier years.

(2) *Weekly Hansard* 25 November 1958, cols. 33, 34. Further information given on 29 July 1959 appears to indicate a further fall of about 50 thousand by that date.

CHRONOLOGICAL TABLES

The following reference tables set out some of the institutional economic changes of the last decade. A calendar of economic events for the years 1955 to 1959 was published in the *National Institute Economic Review*, no. 8, March 1960.

Table 1. Budget tax changes, 1950-1960.

2. Income tax rates and allowances ; initial and investment allowances, 1950-1960.
3. Hire purchase controls, 1948-1960.
4. Purchase tax changes, 1950-1960.
5. National insurance contributions, 1948-1959.
6. Changes in duties on tobacco, beer, spirits and petroleum, 1948-1960.

Table 7. Bank rates in USA, West Germany, and UK ; UK Public Works Loan Board rates ; UK Building Societies Association recommended minimum mortgage rates.

8. National insurance : standard benefits.
9. Seasonal corrections : dates of Good Friday and Whit Monday.
10. Capital Issues Committee, 1945-1960.
11. Family allowances.

Table 1. Budget tax changes, 1950-1960

The table gives the Financial Statements estimate of the 'full year' effect on revenue

£ million. Increase in revenue, +, reduction, -

	Apr. 18 1950	Apr. 10 1951	Mar. 11 1952	Apr. 14 1953	Apr. 6 1954	Apr. 19 1955	Oct. 25 1955	Apr. 17 1956	Apr. 9 1957	Apr. 15 1958	Apr. 7 1959	Apr. 4 1960
	<i>Cripps</i>	<i>Gaitskell</i>	<i>Butler</i>	<i>Butler</i>	<i>Butler</i>	<i>Butler</i>	<i>Butler</i>	<i>Macmillan</i>	<i>Thorneycroft</i>	<i>Amory</i>	<i>Amory</i>	<i>Amory</i>
Taxes on personal incomes ^(a)	-82	+ 79	-230	-114		-110		-53	- 56	- 8	-160	-20
Taxes on company incomes ^{(a) (b)}		+233	+100	-238	- 4	- 42	+ 38	+30	- 47	- 35	- 72	+65
Taxes on capital					- 2					- 1		- 2
Taxes on expenditure :												
<i>Drink</i>	- 3											
<i>Tobacco</i>								+28		- 3	- 33	- 4
<i>Petrol and oil</i>	+73	+ 36	+ 66									+40
<i>Entertainment, betting</i> ..		+ 10			- 4				- 12	- 14		- 7
<i>Purchase tax</i>	+11	+ 29		- 60		- 3	+ 75		- 24	- 41	- 82	
<i>Stamp duties</i>			- 3					- 7		- 6	- 3	
<i>Other</i>								+ 8			- 9	
Total taxes on expenditure	+81	+ 75	+ 63	- 60	- 4	- 3	+ 75	+21	- 28	- 64	-127	+29
Total estimated change in revenue	- 1	+387	- 67	-412	-10	-155	+113	-2	-131	-108	-359	+72

Source : Financial Statements.

(a) The division of the effect of income tax changes between these two heads is estimated.

(b) The figures include the estimated full-year effect of changes in capital allowances.

Table 2. Income tax rates and allowances ; initial and investment allowances, 1950-1960

	1950/51	1951/52	1952/53	1953/54	1954/55	1955/56	1956/57	1957/58	1958/59	1959/60	1960/61
Standard rate of income tax	9s. 0d.	9s. 6d.	9s. 6d.	9s. 0d.	9s. 0d.	8s. 6d.	8s. 6d.	8s. 6d.	8s. 6d.	7s. 9d.	7s. 9d.
Reduced rates											
First band :											
rate	2s. 6d.	3s. 0d.	3s. 0d.	2s. 6d.	2s. 6d.	2s. 3d.	2s. 3d.	2s. 3d.	2s. 3d.	1s. 9d.	1s. 9d.
charged on the first	£50	£50	£100	£100	£100	£60	£60	£60	£60	£60	£60
Second band :											
rate	5s. 0d.	5s. 6d.	5s. 6d.	5s. 0d.	5s. 0d.	4s. 9d.	4s. 9d.	4s. 9d.	4s. 9d.	4s. 3d.	4s. 3d.
charged on the next	£200	£200	£150	£150	£150	£150	£150	£150	£150	£150	£150
Third band :											
rate	—	—	7s. 6d.	7s. 0d.	7s. 0d.	6s. 9d.	6s. 9d.	6s. 9d.	6s. 9d.	6s. 3d.	6s. 3d.
charged on the next	—	—	£150	£150	£150	£150	£150	£150	£150	£150	£150
Allowances for capital expenditure (percentages)											
Initial allowances :											
Industrial buildings	10	10	—	10	—	10 ^(a)	10	10	15	5	5
Machinery and plant	40	40	—	20	—	20 ^(a)	20	20	30	10	10
Mining works ..	10	10	—	40	40	40	40	40	40	20	20
Investment allowances:											
Industrial buildings and agricultural buildings and works	—	—	—	—	10	10 ^(a)	—	—	—	10	10
Machinery and plant, ^(b) mining works	—	—	—	—	20	20 ^(a)	—	—	—	20	20

Source : *Annual Abstract of Statistics*, no. 96, 1959, table 298.

(a) Investment allowances were in force to 17 February 1956, and initial allowances after that date. (b) Except ordinary motor cars.

Table 3. Hire purchase controls, 1948-1960^(a)

X = No control, or control removed

	Feb. 1952	July 1954	Feb. 1955	July 1955	Feb. 1956	Dec. 1956	May 1957	Sept. 1958	Oct. 1958	Apr. 1960
Minimum deposit (per cent)										
Motor cars	33½	X	15	33½	50	20	33½	33½	X	20
Commercial vehicles	33½	X	X	X	50	50 ^(b)	33½	X ^(c)	X	X
Domestic appliances (other than cookers), radio and television sets ..	33½	X	15	33½	50	50	50	33½	X	20
Domestic furniture and cookers ..	X	X	15	15	20	20	20	X	X	10 ^(d)
Shop and office furniture	33½ ^(e)	X	X	X	50	50	33½	33½	X	10
Plant and machinery	X	X	X	X	50	50	33½	X	X	X
Maximum repayment period (years)										
Cookers	X	X	4	4	4	4	4	X	X	4 ^(f)
All other goods	1½	X	2	2	2	2	2	X	X	2

Source : *Board of Trade Journal*.

(a) From 1947 to April 1953 hire purchase terms were also controlled by Hire Purchase and Credit Sale Agreements (Maximum Prices and Charges) Orders. Their principal financial requirements were :

(1) For short-term credit sales (eight months or less) a minimum deposit of 12½ per cent was required and the maximum permitted charge was 3½ per cent (later increased to 5 per cent).

(2) For credit sales and H.P. agreements of nine months or more (no charge was permitted on agreements for less than nine months) a minimum deposit of 12½ per cent was required. The maximum period was fixed at two years. A maximum service charge of 20 per cent was permitted, but provision had to be made in the agreement for a reduction

in charge to 15 per cent or 12½ per cent, if the agreement was completed in 18 or 12 months. If no charge was made for credit, the orders did not apply, and the trader, so long as he did not exceed the maximum permitted cash price, could make what terms he liked.

(b) Small commercial vehicles 20 per cent.

(c) Small commercial vehicles 33½ per cent.

(d) The 10 per cent deposit rate also applies to lawn-mowers and garden rollers, clocks and watches, mattresses, sectional sheds, trunks, bags and suitcases, jewellery, bicycles and caravans and trailers.

(e) Shop furniture not included.

(f) Including wash-boilers and water-heaters.

Table 4. Purchase tax changes, 1950-1960

This table cannot be comprehensive ; it shows selected items and categories only. The dates shown are those on which Budget changes became effective. There were no changes in the rates of tax in the Budgets of 1954, 1956 and 1960. Some major changes between Budgets are shown in footnotes.

Per cent of wholesale value

	April 19 1950	April 11 1951	March 17 1952	April 15 1953	April 20 1955	Oct. 27 1955	April 10 1957	April 16 1958	April 8 1959
Durable goods									
Motor cars, radio and television sets	33½	66⅔	66⅔	50	50	60	60	60	50
Bicycles, motor bicycles	33½	33½	33½	25	25	30	30	30	25
Refrigerators, washing machines, vacuum cleaners	33½	66⅔	66⅔	50	50	60	60	30	25
Gas space, and most gas water heaters	66⅔	66⅔	66⅔	50	50	60	60	30	25
Electric space and most electric water heaters	100	100	100	75 ^(a)	50	60	60	30	25
Sewing machines	33½	33½	33½	25	25	30	30	30	25
Most domestic furniture	33½U	33½U	33½U ^(b)	25D	25D	5	5	5	5
Mattresses, bolsters, pillows ..	33½U	33½U	33½D ^(c)	25D	25D	5	5	5	5
Textiles and clothing									
Garments, footwear, gloves (except fur articles)	33½U	33½U	33½D ^(d)	25D	25D	5	5	5	5
Non-woollen cloth and domestic textile articles, plastic sheeting ..	66⅔U	66⅔U	66⅔D ^(d)	50D	25 ^(e)	X	X	X	X
Woollen tissues and fabrics ..	66⅔U	66⅔U	66⅔D ^(d)	50D	50	10	10	X	X
Fur clothing	100U	100U	100D	75D ^(f)	50D	50	50	30	25
Other goods									
Most floor coverings, domestic hard- ware, ironmongery, cutlery, hand- operated domestic appliances, wall- paper	33½	33½	33½	25	25	30	15 ^(g)	15	12½
Pots and pans ^(h)	X	X	X	X	X	30	15	15	12½
Clocks and watches (not of precious metal), stationery and office requis- ites, toys and sports requisites, drugs and medicines	33½	33½	33½	25	25	30	30	30	25
Pianos	66⅔	66⅔	66⅔ ⁽ⁱ⁾	X	X	X	X	X	X
Cameras, smokers' requisites, most musical instruments, ^(j) trunks, bags, etc.	66⅔ ^(k)	66⅔ ^(k)	66⅔ ^(k)	50	50	60	60	30	25
Jewellery	100	100	100	75 ^(l)	50	60	60	30	25
Perfumery, cosmetics	100	100	100	75	75	90	90	60	50

Source : Annual Reports of the Commissioners of Customs and Excise.

U : Articles produced under the Utility scheme were exempt, except for Utility fully-fashioned stockings and Utility fur garments which were liable at 33½.

D : Tax only chargeable on the excess of the wholesale value of the goods over a certain statutory sum (or 'D') which varied for different classes of goods. In general, the 'D' value was chosen so that about half the goods within each class would not pay tax.

X : Exempt.

(a) Reduced to 50, 6 January 1954.

(b) Utility scheme replaced by 'D' scheme 15 December 1952.

(c) Tax reduced to 25 as from 14 May 1952.

(d) Garments, footwear and gloves reduced to 25 as from 14 May 1952

non-woollen cloth and domestic textile articles, plastic sheeting, and woollen tissues and fabrics reduced to 50 as from 14 May 1952.

(e) Exempt as from 4 May 1955.

(f) Reduced to 50 as from 24 January 1955.

(g) Wallpaper remained at 30.

(h) 'Vessels designed for use primarily as containers for food or drink, etc.'

(i) Reduced to 33½, 22 September 1952.

(j) Musical instruments other than gramophones, radiograms, etc., and certain keyboard instruments.

(k) Leather trunks, bags, etc., were taxed at 100 up to 22 September 1952, when they were reduced to 66⅔.

(l) Reduced to 50 as from 6 January 1954.

Table 5. National insurance contributions, 1948-1959

	Employed			Self-employed			Non-employed		
	National insurance and industrial injuries insurance	National Health Service	Total (showing employee's share in brackets)	National insurance	National Health Service	Total	National insurance	National Health Service	Total
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Men (over 18)									
From									
1948 5 July	8 3	10	9 1 (4 11)	5 4	10	6 2	3 10	10	4 8
1951 1 Oct.	8 7	10	9 5 (5 1)	5 8	10	6 6	4 2	10	5 0
1952 6 Oct.	9 11	10	10 9 (5 9)	6 7	10	7 5	4 9	10	5 7
1955 6 June	11 11	10	12 9 (6 9)	7 7	10	8 5	5 8	10	6 6
1957 2 Sept.	11 11	1 8	13 7 (7 5)	7 7	1 8	9 3	5 8	1 8	7 4
1958 3 Feb.	15 10	1 8	17 6 (9 5)	9 10	1 8	11 6	7 5	1 8	9 1
1958 7 July	15 10	2 4	18 2 (9 11)	9 10	2 2	12 0	7 5	2 2	9 7
Women (over 18)									
From									
1948 5 July	6 5	8	7 1 (3 10)	4 5	8	5 1	3 0	8	3 8
1951 1 Oct.	6 9	8	7 5 (4 0)	4 9	8	5 5	3 4	8	4 0
1952 6 Oct.	7 9	8	8 5 (4 6)	5 6	8	6 2	3 9	8	4 5
1955 6 June	9 9	8	10 5 (5 6)	6 6	8	7 2	4 6	8	5 2
1957 2 Sept.	9 9	1 4	11 1 (6 0)	6 6	1 4	7 10	4 6	1 4	5 10
1958 3 Feb.	12 11	1 4	14 3 (7 8)	8 4	1 4	9 8	5 11	1 4	7 3
1958 7 July	12 11	1 10	14 9 (8 0)	8 4	1 8	10 0	5 11	1 8	7 7

Source : Ministry of Pensions and National Insurance Annual Reports.

Table 6. Changes in duties on tobacco, beer, spirits and petroleum, 1948-1960

Tobacco (per lb.) ^(a)			Beer (per barrel) ^(b)			Spirits (per proof gallon)			Petroleum (per gallon)		
	s. d.			s. d.			s. d.			s. d.	
1947 16 Apr.	54 10		1947 13 Nov.	159 9 ^(c)		1947 13 Nov.	190 10		At end of war	9	
1948 7 Apr.	58 2		1948 7 Apr.	178 10½ ^(d)		1948 7 Apr.	210 10		1950 18 Apr.	1 6	
1956 18 Apr.	61 2		1949 7 Apr.	157 10½ ^(d)					1951 10 Apr.	1 10½	
1960 5 Apr.	64 6		1950 19 Apr.	155 4½ ^(e)					1952 11 Mar.	2 6	
			1959 7 Apr.	111 9½ ^(e)					1956 4 Dec.	3 6	
									1957 9 Apr.	2 6	

Source : Annual Reports of the Commissioners of Customs and Excise.

(a) Full rate of customs duty per lb., on imported unmanufactured unstripped tobacco containing 10 per cent or more of moisture.

(b) Excise duty, per bulk barrel (36 gallons).

(c) Per barrel at 1027°, plus 5s. 11d. for each additional degree.

(d) Per barrel at 1027°, plus 6s. 7½d. for each additional degree.

(e) Per barrel at 1030°, plus 6s. 7½d. for each additional degree.

Table 7. Bank rates in USA, West Germany, and UK ; UK Public Works Loan Board rates ; UK Building Societies Association recommended minimum mortgage rates

Per cent

Bank rates			UK Public Works Loan Board rates				UK Building Societies Association : recommended minimum mortgage rates ^(e)
United States ^(a)	West Germany	United Kingdom		5 yrs. or less	Over 5 yrs., under 15 yrs.	Over 15 yrs.	
1951 At 1 Jan. 1 $\frac{3}{4}$	1951 At 1 Jan. 6	1951 At 1 Jan. 2	1948 2 Jan.	2	2 $\frac{1}{2}$	3	End of war 4
1953 16 Jan. 2	1952 29 Apr. 5	8 Nov. 2 $\frac{1}{2}$	1951 8 Nov.	2	3	3 $\frac{3}{4}$	
1954 5 Feb. 1 $\frac{3}{4}$	21 Aug. 4 $\frac{1}{2}$	1952 13 Mar. 4	1952 8 Feb.	2 $\frac{3}{4}$	3 $\frac{1}{4}$	4 $\frac{1}{4}$	1952 14 Mar. 4 $\frac{1}{2}$
16 Apr. 1 $\frac{1}{2}$	1953 8 Jan. 4	1953 17 Sept. 3 $\frac{1}{2}$	1953 19 Oct.	2 $\frac{5}{8}$	3 $\frac{1}{2}$	4	
1955 15 Apr. 1 $\frac{3}{4}$	11 June 3 $\frac{1}{2}$	1954 13 May 3	1954 4 June	2 $\frac{1}{2}$	3 $\frac{1}{4}$	3 $\frac{3}{4}$	1955 28 Jul. 5
4 Aug. 2	1954 20 May 3	1955 27 Jan. 3 $\frac{1}{2}$	1955 1 Mar.	3 $\frac{1}{8}$	3 $\frac{1}{4}$	4	15 Nov. 5 $\frac{1}{2}$
9 Sept. 2 $\frac{1}{4}$	1955 4 Aug. 3 $\frac{1}{2}$	24 Feb. 4 $\frac{1}{2}$	9 July	3 $\frac{3}{4}$	4 $\frac{1}{4}$	4 $\frac{1}{2}$	
18 Nov. 2 $\frac{1}{2}$	1956 7 Mar. 4 $\frac{1}{2}$	1956 16 Feb. 5 $\frac{1}{2}$	13 Aug.	4 $\frac{1}{8}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	1956 9 May 5 $\frac{1}{2}$
1956 13 Apr. 2 $\frac{3}{4}$	19 May 5 $\frac{1}{2}$	1957 7 Feb. 5	7 Sept.	4 $\frac{1}{2}$	5	5	23 July 6
24 Aug. 3	6 Sept. 5	19 Sept. 7	1956 14 Jan.	5 $\frac{1}{2}$	5 $\frac{3}{8}$	5 $\frac{1}{2}$	
1957 23 Aug. 3 $\frac{1}{2}$	1957 11 Jan. 4 $\frac{1}{2}$	1958 20 Mar. 6	24 Mar.	5 $\frac{5}{8}$	5 $\frac{1}{2}$	5 $\frac{1}{2}$	1959 1 July 5 $\frac{1}{2}$
15 Nov. 3	19 Sept. 4	22 May 5 $\frac{1}{2}$	23 June	5 $\frac{1}{4}$	5 $\frac{1}{2}$	5 $\frac{1}{2}$	
1958 24 Jan. 2 $\frac{3}{4}$	1958 17 Jan. 3 $\frac{1}{2}$	19 June 5	20 Oct.	5 $\frac{1}{2}$	5 $\frac{3}{4}$	5 $\frac{3}{4}$	1960 22 May 6
7 Mar. 2 $\frac{1}{4}$	27 June 3	14 Aug. 4 $\frac{1}{2}$	1957 16 Feb.	5 $\frac{1}{4}$	5 $\frac{1}{2}$	5 $\frac{1}{2}$	
18 Apr. 1 $\frac{3}{4}$	1959 10 Jan. 2 $\frac{3}{4}$	20 Nov. 4	13 July	5 $\frac{3}{4}$	6	5 $\frac{3}{4}$	
12 Sept. 2	3 Sept. 3	1960 21 Jan. 5	28 Sept.	7 $\frac{1}{4}$	6 $\frac{1}{2}$	6 $\frac{3}{4}$	
7 Nov. 2 $\frac{1}{2}$	23 Oct. 4	23 June 6	1958 25 Feb.	6 $\frac{1}{2}$	6 $\frac{1}{2}$	6 $\frac{1}{4}$	
1959 6 Mar. 3	1960 3 June 5		12 July	5 $\frac{3}{4}$	6 $\frac{1}{4}$	6 $\frac{1}{2}$	
29 May 3 $\frac{1}{2}$			23 Aug.	5 $\frac{3}{4}$	6	6	
11 Sept. 4			25 Oct.	5 $\frac{1}{2}$	5 $\frac{3}{4}$	5 $\frac{7}{8}$ ^(b)	
1960 10 June 3 $\frac{1}{2}$			1959 29 Mar.	5	5 $\frac{1}{4}$	5 $\frac{3}{4}$	
			1960 30 Jan.	5 $\frac{1}{2}$	6	6 ^(c)	
			15 July	6 $\frac{1}{4}$	6 $\frac{1}{4}$	6 $\frac{1}{8}$ ^(d)	

Source : OEEC General Statistics, Financial Times, H.M. Treasury, Building Societies Association.

(a) New York Federal Reserve Bank Rate.

(b) Over 30 years, 5 $\frac{1}{2}$.

(c) Over 30 years, 5 $\frac{3}{4}$.

(d) Over 30 years, 6.

(e) The dates given are the latest dates by which changes should have been implemented.

Table 8. National insurance : standard benefits

The standard unemployment and sickness benefits have been the same as the standard pension rates (although the dates at which the increases were actually given were not always precisely the same), except from September 1951 to September 1952. In September 1951 pension rates were raised, but unemployment and sickness benefits were not.

Shillings per week

	30 Sept. 1946	3 Sept. 1951	29 Sept. 1952	25 Apr. 1955	27 Jan. 1958
Standard pension rates :					
Single man ..	26	30	32 $\frac{1}{2}$	40	50
Uninsured wife of pensioner ..	16	20	21 $\frac{1}{2}$	25	30

Source : Ministry of National Insurance Annual Reports, Ministry of Pensions and National Insurance Annual Reports.

Table 9. Seasonal corrections : dates of Good Friday and Whit Monday

	Good Friday	Whit Monday
1946	19 April	10 June
1947	4 April	26 May
1948	26 March	17 May
1949	15 April	6 June
1950	7 April	29 May
1951	23 March	14 May
1952	11 April	2 June
1953	3 April	25 May
1954	16 April	7 June
1955	8 April	30 May
1956	30 March	21 May
1957	19 April	10 June
1958	4 April	26 May
1959	27 March	18 May
1960	15 April	6 June

Table 10. Capital Issues Committee, 1945-1960

1945 May	Memorandum of guidance: issues to be arranged in accordance with national priorities.
1945 June	Exemption limit £50,000.
1947 Dec.	Memorandum of guidance: emphasis on measures to help balance of payments.
1947 Apr.	Ban on bonus shares lifted, but subject to CIC control.
1949 Apr.	Memorandum of guidance on stimulating exports and saving imports.
1949 Oct.	Bonus issues over £50,000 banned.
1949 Dec.	Bonus issues ban lifted, but subject to CIC control.
1951 Apr.	Memorandum of guidance on assistance to defence production.
1951 Dec.	Restrictions on bank finance for capital expenditure made explicit.
1952 Mar.	Need to help agriculture impressed on the Committee.
1953 July	CIC informed it could recommend applications to raise fresh capital for investment trusts.
1953 Dec.	CIC instructed to facilitate credit for ship-builders.
1954 Aug.	Restrictions on raising funds for hire purchase and credit sales relaxed.
1955 Feb.	Applications for hire purchase finance to be examined more stringently.
1956 Feb.	Memorandum of guidance: generally a more critical attitude enjoined.
1956 Mar.	Exemption limit £10,000.
1956 Aug.	CIC told that Treasury would consent to applications for investment in Northern Ireland.
1957 Sept.	Memorandum of guidance: more restrictive attitude enjoined, especially towards applications for large amounts.
1958 Apr.	CIC asked to recommend consent for capital for sound development in cases of high unemployment.
1958 July	Exemption limit £50,000. CIC permitted to take longer view in examining proposals. Bank finance for capital purposes exempted. Bonus issues removed from CIC control, but redeemable bonus issues still subject to Treasury consent.
1958 July	Control of Borrowing Order 1958, consolidating all previous orders.
1959 Feb.	'General consent' under Control of Borrowing Order for UK residents; no person or company resident in UK need apply for Treasury consent for new capital issues, except for redeemable bonus issues. Borrowers outside UK still have to apply for consent of Treasury to raise more than £50,000 in any twelve months.

Source: H.M. Treasury.

Table 11. Family allowances

1946 Aug.	5s. a week for each child other than the first up to the end of compulsory school age (15), or for any child receiving full-time instruction for any further period before 1 August following the child's sixteenth birthday.
1952 Sept.	Allowance raised to 8s. a week.
1956 Aug.	Upper age limit raised to 18.
1956 Oct.	Increase to 10s. a week for third and each successive child.

Source: Ministry of National Insurance Annual Reports, Ministry of Pensions and National Insurance, Annual Reports.

STATISTICAL APPENDIX

The Home Economy

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Symbols and conventions used

.. = not available.

— = nil or less than half the final digit shown.

billion = thousand millions.

Items may not always add to totals, because of rounding.

A horizontal bar across a column indicates a discontinuity in the series.

Italics are used where NIESR has added estimates to figures published elsewhere—for instance, when an estimated later figure is added.

Table 1. Gross domestic product

Seasonally adjusted

	Final expenditure at market prices						Less Imports of goods and services	Less Adjustment to factor cost (c)	Statistical discrepancy	Gross domestic product at factor cost	Output				
	Consumers' expenditure (a)	Public authorities' current spending	Gross fixed investment (b)	Value of physical stock change	Exports of goods and services	Total final expenditure					Gross domestic product	Industrial production (d)	Agriculture, etc.	Transport, communication	Distribution, other services
£ million, 1954 prices, quarterly averages											Index numbers, 1954 = 100				
1948	2,677	592	467	+ 59	656	4,451	738	449	+ 28	3,292	84	79.0	85	86	91
1949	2,735	638	508	+ 9	736	4,626	791	455	+ 46	3,426	87	83.6	91	89	92
1950	2,813	637	533	- 60	842	4,765	802	465	+ 69	3,567	91	88.3	92	91	95
1951	2,772	690	534	+141	854	4,991	898	485	+ 46	3,654	93	91.3	94	95	95
1952	2,756	764	536	+ 10	847	4,913	821	469	- 5	3,618	92	89.2	97	96	94
1953	2,869	788	593	+ 33	837	5,120	868	490	- 2	3,760	96	94.3	99	98	97
1954	3,007	785	644	+ 13	911	5,360	918	515	—	3,927	100	100.0	100	100	100
1955	3,115	766	677	+ 73	979	5,610	1,014	535	+ 19	4,080	104	105.1	98	103	102
1956	3,144	765	710	+ 66	1,031	5,716	1,044	536	- 33	4,103	105	105.6	104	103	102
1957	3,210	738	741	+ 66	1,048	5,803	1,065	543	- 21	4,174	106	107.5	108	103	104
1958	3,283	735	745	+ 31	1,012	5,806	1,071	563	- 2	4,170	106	106.3	107	102	105
1959	3,409	754	783	+ 45	1,037	6,028	1,150	593	+ 70	4,355	111	112.6	112	106	108
1957 I	3,184	750	732	+115	1,080	5,861	1,076	539	- 80	4,166	106	107	109	104	104
II	3,204	744	739	+ 75	1,047	5,809	1,048	539	- 40	4,182	107	108	109	104	104
III	3,207	728	746	+ 75	1,033	5,789	1,090	544	+ 35	4,190	107	108	107	103	104
IV	3,244	730	745	—	1,031	5,750	1,046	548	+ 2	4,158	106	107	107	102	104
1958 I	3,261	744	748	+ 5	1,027	5,785	1,050	554	- 7	4,174	106	107	107	102	104
II	3,261	732	740	- 5	991	5,719	1,056	564	+ 55	4,154	106	106	107	102	104
III	3,268	728	747	+ 90	1,031	5,864	1,091	569	- 57	4,147	106	105	106	101	105
IV	3,342	735	744	+ 35	999	5,855	1,082	563	- 4	4,206	107	106	106	103	107
1959 I	3,344	741	744	- 70	984	5,743	1,106	574	+158	4,221	108	108	106	103	106
II	3,434	759	775	+ 75	1,042	6,085	1,169	589	- 8	4,319	110	111	106	106	108
III	3,384	761	792	+ 95	1,062	6,094	1,142	604	+ 42	4,390	112	114	118	106	108
IV	3,472	757	821	+ 80	1,061	6,191	1,183	603	+ 83	4,488	114	117	118	107	109
1960 I	3,577	760	840	+105	1,090	6,372	1,190	610	- 7	4,565	116	119	118	109	109

(a) For details see table 8. (b) For details see table 9. (c) Net indirect taxes at 1954 rates. (d) For details see table 2.

Table 2. Production in industry

Seasonally adjusted

	Total industrial production	Construction	Mining	Total manufacturing	Metals, metal-using							Steel		Passenger cars output	Selected durable consumer goods
					Total	Engineering and electrical	Vehicles	Ship-building	Textiles	Chemicals	Other industries	out-put	consumption		
	Index numbers, 1954 = 100											'000 tons	'000	1954 = 100	
Weights	1,000	120	72	760	374	164	78	22	77	63	295	quarterly rates or averages			
1948	79.0	86.7	90.8	77.3	75.6	69.4	61.4	116.5	85.5	68.0	77.9	3,719	3,353	84	37
1949	83.6	90.7	93.8	82.2	80.0	75.9	71.2	106.1	92.1	70.2	83.5	3,888	3,550	103	44
1950	88.3	90.8	94.8	87.8	85.1	84.5	76.4	93.5	100.1	79.7	88.6	4,073	3,710	131	67
1951	91.3	87.3	98.0	91.6	90.3	90.5	79.9	96.2	99.8	83.7	91.8	3,910	3,772	119	79
1952	89.2	90.0	99.3	88.2	91.3	92.4	79.5	99.2	81.9	79.6	87.8	4,104	3,825	112	63
1953	94.3	96.3	98.8	93.7	93.4	93.6	90.4	105.1	97.4	89.1	93.8	4,402	3,915	149	76
1954	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	4,630	4,190	192	100
1955	105.1	100.3	99.0	106.4	109.6	107.4	114.6	108.5	97.5	106.2	104.6	4,948	4,470	224	111
1956	105.6	105.8	99.2	105.9	108.3	107.0	107.2	117.4	96.4	110.6	105.1	5,165	4,617	177	88
1957	107.5	105.5	98.5	108.3	111.4	111.0	114.9	107.9	96.5	115.0	106.9	5,425	4,655	215	105
1958	106.3	105.0	94.3	106.9	110.3	111.5	118.4	108.8	87.1	115.0	108.0	4,892	4,459	263	118
1959	112.6	111.3	91.8	114.1	116.7	118.2	129.0	101.1	92.0	131.2	113.9	5,047	4,464	297	163
1958 I	107	105	96	108	112	111	120	111	90	114	108	5,394	4,659	274	107
II	106	104	95	106	110	110	118	107	86	114	108	4,992	4,458	267	116
III	105	105	92	106	110	112	116	110	85	114	107	4,695	4,403	257	116
IV	106	107	95	107	109	113	119	107	87	118	108	4,485	4,165	253	131
1959 I	108	110	91	108	110	111	124	107	86	125	111	4,468	4,131	255	140
II	111	109	94	113	116	117	129	101	91	131	113	4,915	4,524	293	173
III	114	112	92	115	117	121	122	100	94	133	115	5,070	4,517	282	172
IV	117	114	91	120	125	124	141	97	97	137	118	5,733	4,693	360	165
1960 I	119	117	91	122	127	126	145	95	95	140	120	5,940	5,110	376	165
January	119		92	122	127	126	146	96	96	137	120	5,985	..	368	
February	119		89	121	126	125	141	95	94	141	120	5,922	..	356	
March	120		90	123	128	126	147	95	94	142	120	5,913	..	404	
April	122		88	125	131	132	145	92	97	142	123	5,886	..	356	
May	121											5,922	..	397	
June												5,985	..		

Table 3. The labour market

Seasonally adjusted

	Employment											Demand for labour			Net over-time per head in manu- facturing (b)
	Total civil employ- ees	Agri- culture etc.	Trans- port, com- muni- cation	Distri- bution and other services	Total indus- trial produc- tion	Con- struc- tion	Mining	Total manu- factur- ing	Metals, metal- using	Textiles	Other indus- tries	Unem- ploy- ment	Unfilled vacan- cies	Excess demand (a)	
Index numbers, 1954 = 100	Percentage of employees			Weekly hours											
Millions in 1954	21.07	0.72	1.67		7.30	11.38	1.31	0.87	8.83	4.31	0.99	3.90			
1948	94.4(c)	113.7(c)	103.6(c)	94.4(c)	91.8(c)	98.2(c)	100.9(c)	90.2(c)	90.2(c)	94.0(c)	88.8(c)	1.50	2.30	0.68	..
1949	95.1	109.4	103.5	94.6	93.3	98.3	100.5	92.0	90.0	97.8	92.6	1.52	1.95	0.42	..
1950	96.5	111.0	103.1	95.3	95.3	98.4	98.0	94.6	91.8	102.1	95.8	1.53	1.77	0.27	..
1951	97.5	106.4	102.2	95.8	97.3	98.9	98.4	97.0	94.5	103.4	98.0	1.19	2.01	0.69	..
1952	97.4	104.0	102.0	96.4	96.9	97.8	100.6	96.2	96.9	93.8	96.4	1.99	1.34	-0.27	1.0
1953	98.0	101.1	100.7	97.3	97.9	98.6	100.8	97.4	97.1	98.2	97.8	1.64	1.33	-0.04	1.8
1954	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	1.34	1.56	0.29	2.0
1955	101.3	97.8	99.3	100.8	102.2	102.0	99.4	102.6	104.6	96.6	101.7	1.08	1.91	0.73	2.1
1956	102.1	91.6	99.5	102.4	102.9	105.0	99.1	103.1	105.9	94.4	101.9	1.19	1.66	0.46	1.9
1957	102.5	91.2	99.9	103.4	103.0	104.3	100.1	103.1	109.0	93.7	102.0	1.43	1.27	0.01	1.9
1958	101.8	89.5	98.6	104.3	101.5	102.3	98.7	101.7	105.5	87.9	101.0	2.10	0.90	-0.67	1.4
1959	102.4	87.8	96.9	106.2	101.5	103.0	94.6	102.2	105.9	86.0	101.9	2.17	1.02	-0.62	1.9
1959 I	101.7	87.3	97.6	105.7	100.6	102.0	96.7	100.8	104.5	85.0	100.8	2.32	0.84	-1.03	1.5
II	102.0	87.1	97.1	105.9	101.0	102.9	95.5	101.5	105.1	85.5	101.3	2.21	0.95	-0.76	1.8
III	102.6	87.6	96.6	106.4	101.8	103.4	93.8	102.7	106.4	86.7	102.3	2.14	1.10	-0.41	2.0
IV	103.2	89.1	96.4	106.8	102.5	103.6	92.3	103.7	107.8	86.9	103.0	2.03	1.20	-0.28	2.3
1960 I	103.4	85.0	96.0	106.9	103.1	103.7	90.5	104.7	109.3	86.6	103.6	1.70	1.30	-0.15	2.2
II												1.58	1.43	-0.07	2.4
February	103.4	85.5	95.9	107.0	103.2	103.8	90.6	104.7	109.3	86.6	103.7	1.73	1.35	-0.18	
March	103.5	84.1	95.9	107.0	103.4	103.9	89.7	105.1	109.9	86.6	103.9	1.59	1.28	-0.10	
April	103.6	82.8	95.8	107.3	103.5	103.1	89.2	105.5	110.4	87.0	104.2	1.65	1.36	-0.10	
May	103.9	83.4	95.8	107.4	103.9	104.0	88.6	105.9	111.0	87.3	104.4	1.54	1.46	-0.05	
June												1.55	1.46	-0.05	
July												1.56	1.47	-0.05	

(a) NIESR index based on unemployment and vacancies. (b) Not seasonally adjusted. (c) End-June, seasonally adjusted.

Table 4. Unemployment by industry

Percentage of total employees, seasonally adjusted

	Metals, metal-using	Textiles	Con-struc-tion	Mining	Trans-port, services	Other
1948	1.54	0.66	2.64	0.32	1.62	1.27
1949	1.34	0.66	2.90	0.30	1.72	1.28
1950	1.18	0.60	2.83	0.33	1.80	1.37
1951	0.83	0.83	2.05	0.26	1.46	1.15
1952	1.17	8.44	2.83	0.26	1.86	1.79
1953	1.33	1.35	2.86	0.28	1.86	1.46
1954	0.92	0.92	2.50	0.25	1.58	1.23
1955	0.63	1.64	1.76	0.19	1.27	1.01
1956	0.94	1.41	2.01	0.21	1.30	1.09
1957	1.07	1.13	2.83	0.31	1.60	1.29
1958	1.76	3.96	4.00	0.57	2.09	1.82
1959	1.79	2.70	4.63	0.98	2.15	1.89
1958 I	1.19	2.33	3.02	0.43	1.77	1.43
II	1.63	3.75	3.86	0.52	2.03	1.76
III	1.90	4.60	4.30	0.61	2.24	1.97
IV	2.31	5.16	4.82	0.72	2.30	2.10
1959 I	2.21	4.37	4.73	0.84	2.16	2.04
II	1.97	2.70	4.50	0.95	2.18	1.90
III	1.56	1.86	4.78	1.04	2.23	1.87
IV	1.42	1.88	4.49	1.10	2.05	1.76
1960 I	1.17	1.92	3.17	0.84	1.92	1.40
II	1.02	1.61	3.22	0.79	1.78	1.28
January	1.20	1.99	3.22	0.89	1.98	1.44
February	1.22	1.90	3.10	0.78	1.91	1.41
March	1.10	1.88	3.18	0.86	1.88	1.34
April	1.06	1.81	3.30	0.86	1.84	1.32
May	0.99	1.53	3.21	0.77	1.75	1.23
June	1.02	1.49	3.15	0.74	1.74	1.29

Table 5. Productivity

Index numbers, 1954 = 100, seasonally adjusted

	Output per person employed in						Output per man-hour worked (a)
	gross domestic product	total industrial production	total manufacturing	metals, metal-using	textiles	mining	
1948	88	86	86	84	91	90	88
1949	91	90	89	89	94	93	92
1950	94	93	93	93	98	97	94
1951	95	94	94	96	97	100	96
1952	94	92	92	94	87	99	93
1953	97	96	96	96	99	98	97
1954	100	100	100	100	100	100	100
1955	103	103	104	105	101	100	103
1956	103	103	103	102	102	100	103
1957	105	104	105	102	103	98	106
1958	106	105	105	105	99	96	107
1959	110	111	112	110	107	97	112
1958 I	105	105	105	105	99	96	106
II	105	104	104	104	97	96	106
III	105	104	105	105	98	94	107
IV	107	105	106	104	102	97	108
1959 I	107	107	107	105	101	94	109
II	109	110	111	110	106	98	112
III	111	111	112	110	108	98	113
IV	113	114	115	116	112	99	116
1960 I	114	116	117	116	109	100	117
Jan.		116	117	116	111	100	
Feb.		116	116	115	109	99	
March		116	117	116	108	101	
April		118	119	118	112	98	

(a) In manufacturing.

Table 6. Prices

Index numbers, 1954 = 100

	Capital goods				Export prices	Retail prices	Consumer goods and services								Total final prices
	All assets	Plant, vehicles, etc.	Dwellings	Other building			Total	Food	Drink, tobacco	Housing (inc. rent and rates)	Durable goods	Clothing	All other goods	Services	
1948	78	76	79	81	78	75.7	79.6	67.3	99.2	79.4	84.9	82.2	82.9	79.6	78.1
1949	79	78	80	81	81	77.8	81.2	70.7	98.1	80.9	83.6	85.6	83.6	81.3	80.2
1950	81	81	81	81	85	79.9	83.3	74.6	97.0	83.1	87.0	86.6	85.7	83.8	82.7
1951	90	87	94	91	100	87.6	91.1	83.2	98.3	88.4	99.1	100.4	95.2	90.2	92.7
1952	99	97	104	100	105	95.3	96.5	92.5	99.6	92.5	105.9	100.1	100.4	95.3	98.3
1953	100	100	101	100	101	98.3	98.2	96.2	99.8	97.3	102.2	99.2	99.3	97.9	98.7
1954	100	100	100	100	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1955	105	104	106	106	102	104.5	103.4	105.9	100.5	103.5	101.4	100.6	103.1	103.9	103.5
1956	111	110	112	111	106	109.7	107.9	109.9	103.9	107.8	108.5	102.5	109.3	110.1	108.8
1957	115	115	113	116	111	113.8	111.0	112.1	106.4	114.9	110.4	104.1	113.1	113.8	112.8
1958	118	119	115	119	110	117.2	114.0	113.9	108.7	128.3	110.2	104.9	114.9	119.2	115.2
1959	117	119	112	117	109	117.8	114.2	114.8	106.3	135.3	108.3	104.5	114.1	120.0	115.9
1958 III	119	119	115	121	110	116.6	113.7	112.6	108.7	130.1	109.6	104.5	114.0	119.5	115.2
1958 IV	118	119	114	119	109	118.1	114.0	114.2	108.6	131.5	109.7	104.5	114.7	119.7	115.5
1959 I	117	119	112	117	109	118.6	115.0	115.0	108.2	134.4	111.2	104.5	114.9	119.2	116.4
1959 II	117	119	112	118	109	117.5	114.1	115.6	105.4	134.3	108.1	104.2	114.0	119.8	115.8
1959 III	117	119	113	117	108	117.2	113.4	113.5	105.6	136.0	107.1	104.4	114.0	120.2	115.4
1959 IV	117	118	112	117	110	118.1	114.0	115.1	106.4	136.7	107.4	104.8	113.6	120.6	115.9
1960 I					111	118.1	113.9	112.5	105.8	137.5	108.4	105.2	113.3	122.3	116.0
January					111	118.2	114.0	113.0	105.8	137.4	108.4	104.7	113.2	122.2	
February					111	118.2	114.0	112.6	105.8	137.4	108.4	105.3	113.3	122.2	
March					111	118.0	113.8	111.9	105.8	137.6	108.4	105.4	113.4	122.4	
April					112	118.6	114.4	111.7	108.6	140.0	108.3	105.5	113.5	122.8	
May					111	118.6	114.4	112.5	108.4	140.3	108.4	105.6	110.4	123.5	
June					111	119.2									

Table 7. Wages, profits and other costs

Index numbers, 1954 = 100

	Weekly wage rates	Wage rates by industry						Income from employment(a)		Profits of companies and public corporations(a)	All property income(a)		Import prices	Materials used in manufacturing industry	Prices of all manufactured products
		Metals, metal-using	Textiles	Mining	Construction	Agriculture, forestry, fishing	Other industries and services	Total	Per unit of output		Total	Per unit of output			
1948	74.6	73.5	73.5	74.6	72.8	75.1	74.9	66.0	78.8	65.3	70.1	83.7	73	..	..
1949	76.7	76.0	77.0	74.7	74.7	77.8	76.9	70.4	80.7	68.3	73.1	83.8	74	..	..
1950	78.1	76.9	79.4	75.5	76.6	79.0	78.4	74.1	81.6	79.2	81.4	89.6	85	..	..
1951	84.6	83.5	87.1	83.3	83.0	84.5	84.7	82.5	88.7	93.6	90.0	96.8	113	..	..
1952	91.6	91.5	93.0	92.4	90.5	91.7	91.6	88.9	96.5	83.9	85.2	92.5	111	..	..
1953	95.8	95.8	96.7	95.5	95.4	95.9	95.9	93.7	97.9	89.7	91.1	95.2	101	..	..
1954	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100	100.0	100.0
1955	106.9	106.8	104.9	107.3	106.2	105.6	106.3	109.3	105.2	109.7	107.3	103.3	103	103.0	102.6
1956	115.4	115.5	110.6	117.7	114.2	113.8	114.7	119.2	114.1	113.8	112.1	107.3	105	106.7	107.0
1957	121.2	121.1	114.9	124.1	120.5	119.1	120.6	125.9	118.4	120.6	117.7	110.7	107	107.4	110.4
1958	125.4	125.4	118.5	126.6	125.5	126.4	125.4	130.6	122.9	115.8	119.0	111.9	99	100.8	111.1
1959	128.7	129.0	120.6	130.4	128.9	130.6	128.7	135.2	121.9	128.1	128.7	116.1	98	101.8	111.6
1958 III	125.6	124.9	118.7	125.4	126.8	125.6	126.1	130.6	123.7	114.4	118.4	112.1	98	100.9	111.1
1958 IV	127.7	127.9	119.2	130.2	127.0	128.6	127.5	132.3	123.5	117.0	120.3	112.3	99	101.1	111.5
1959 I	128.2	128.7	120.0	130.3	128.4	130.6	128.0	132.8	123.5	116.9	120.8	112.4	98	101.4	111.8
1959 II	128.5	129.0	120.6	130.4	129.1	130.6	128.4	134.8	122.5	127.1	128.1	116.5	97	101.2	111.3
1959 III	128.8	129.0	120.7	130.4	129.1	130.6	129.0	135.6	121.3	128.7	129.7	116.0	98	101.6	111.4
1959 IV	129.2	129.1	121.0	130.4	129.1	130.6	129.5	137.8	120.6	139.6	136.2	119.2	100	102.8	111.7
1960 I	130.2	129.5	122.5	130.6	129.2	131.7	130.6	140.1	121.5				100	103.0	111.9
January	130.0	129.4	121.6	130.6	129.2	130.7	130.4						100	103.6	111.9
February	130.1	129.6	121.8	130.6	129.2	130.7	130.6						100	102.9	111.9
March	130.6	129.6	124.2	130.6	129.2	133.7	130.8						99	102.5	111.9
April	131.4	129.9	125.6	130.6	129.2	134.5	131.4						99	102.6	112.5
May	131.6	130.6	125.7	130.6	133.7	134.5	131.9						99	102.5	112.7
June													98	102.5	112.9

(a) Seasonally adjusted.

Table 8. Personal income and expenditure

£ million, quarterly averages, seasonally adjusted

	£ million, quarterly averages, seasonally adjusted														
	Dispos- able income (a)	Total personal savings	Con- sumers' expend- iture	Consumers' expenditure											
				Total	Food	Alco- holic drinks	Tobacco	Housing (inc. rent and rates)	Fuel, light	Cloth- ing	Durable goods			All other goods	Services
											Cars, motor cycles	Furni- ture, etc.	Radio, electric, etc.		
	at current prices			at 1954 prices											
1948	2,158	28	2,130	2,677	834	201	200	235	109	274	13	56	36	238	482
1949	2,277	57	2,220	2,735	866	194	194	234	108	296	16	68	40	260	459
1950	2,395	51	2,344	2,813	905	198	196	238	113	307	17	77	45	271	446
1951	2,594	67	2,527	2,772	887	204	202	239	117	276	16	74	50	262	445
1952	2,821	162	2,659	2,756	878	202	206	244	115	271	23	67	46	262	442
1953	3,001	185	2,816	2,869	911	205	209	252	117	275	40	77	57	284	442
1954	3,161	154	3,007	3,007	946	204	214	263	122	293	55	87	69	306	448
1955	3,441	221	3,220	3,115	972	215	219	257	124	315	74	90	73	327	450
1956	3,709	315	3,394	3,144	993	220	222	261	129	327	57	86	66	335	449
1957	3,893	330	3,563	3,210	1,011	224	228	263	127	332	63	92	73	347	451
1958	4,058	315	3,743	3,283	1,026	224	232	268	137	330	84	97	79	364	443
1959	4,255	362	3,893	3,409	1,045	233	238	270	135	344	107	108	95	385	450
1958 I	4,009	304	3,705	3,261	1,022	229	232	267	137	325	79	93	75	358	444
II	4,039	320	3,719	3,261	1,021	221	235	267	140	326	85	94	78	356	438
III	4,061	332	3,729	3,268	1,027	220	232	268	131	328	78	94	77	368	445
IV	4,124	304	3,820	3,342	1,033	226	231	269	139	339	92	107	87	373	446
1959 I	4,155	309	3,846	3,344	1,037	221	231	270	143	335	86	103	88	380	450
II	4,269	369	3,900	3,434	1,051	237	240	269	132	346	107	112	103	387	450
III	4,271	407	3,864	3,384	1,040	238	241	271	127	337	98	109	99	377	447
IV	4,324	364	3,960	3,472	1,052	235	238	272	136	359	137	107	88	396	452
1960 I	4,430	353	4,077	3,577	1,081	240	246	273	154	358	144	111	102	405	463

(a) Seasonally adjusted.

Table 9. Fixed investment

£ million, 1954 prices, quarterly averages, seasonally adjusted

	Total	Dwellings		Industries and services										
		Public	Private	Total	By type of asset			By industry group(a)					By sector	
					Plant, machin- ery	Vehicles, ships, aircraft	Build- ings, works	Fuel, power	Public services	Trans- port, com- muni- cations	Manu- factur- ing	Other indus- tries, services	Public	Private
1948	467	92	14	361	166	91	104	53	29	44	107	115	119	242
1949	508	87	17	404	181	97	126	65	35	50	121	120	151	253
1950	533	86	16	431	202	87	142	70	41	47	140	120	166	265
1951	534	84	16	434	218	78	138	70	45	43	148	115	186	248
1952	536	95	24	417	206	70	141	72	44	40	142	109	196	221
1953	593	113	42	438	209	82	147	81	46	44	137	121	212	226
1954	644	105	56	483	231	90	162	96	48	47	145	138	219	264
1955	677	84	60	533	250	104	179	102	49	50	161	161	225	308
1956	710	77	63	570	256	110	204	97	56	57	183	167	236	334
1957	741	72	63	606	275	116	215	100	61	67	192	176	252	354
1958	745	60	67	618	274	122	222	105	65	66	182	189	255	363
1959	783	60	84	639	269	131	239	116	76	70	168	198	277	362
1957 III	746	70	60	616	273	127	216	96	65	72	189	185	256	360
IV	745	68	63	614	280	117	217	113	60	67	185	181	260	354
1958 I	748	63	63	622	275	128	219	108	61	69	184	190	263	359
II	740	61	64	615	273	121	221	103	63	66	185	188	254	361
III	747	59	69	619	274	121	224	105	69	63	184	187	251	368
IV	744	56	73	615	273	119	223	103	67	65	176	194	252	363
1959 I	744	60	78	606	261	121	224	107	69	63	164	192	255	351
II	775	59	81	635	270	135	230	109	73	66	166	210	265	370
III	792	60	84	648	274	129	245	121	82	72	169	191	289	359
IV	821	62	92	667	272	140	255	126	79	78	172	200	300	367
1960 I		61	94								183			

(a) Excluding legal fees, etc. (which are included in the other columns), of which the industry distribution is not known.

Table 10. Contractors' orders and work done

	Total	New housing	Other new work			
			Public	Industrial	Miscellaneous	
Orders received by contractors						
1957	293	117	86	47	43	
1958 I	290	107	96	46	41	
II	260	104	78	39	39	
III	255	110	67	41	37	
IV	283	131	79	33	40	
1959 I(a) {	344	} 170 {	83	44	47	
	351		86	47	48	
II	337		145	90	54	48
III	319		144	81	47	47
IV	371		157	104	58	52
1960 I	416	172	116	70	58	
Work done by contractors(b)						
1955	276	130	67	50	29	
1956	300	127	76	61	36	
1957	303	122	81	60	40	
1958 I	297	112	84	60	41	
II	295	112	86	55	42	
III	301	114	88	57	42	
IV	304	114	91	55	44	
1959 I(a) {	309	} 121 {	91	54	43	
	321		94	61	45	
II	323		123	96	59	45
III	333		129	96	60	48
IV	337		134	93	60	50
1960 I	342	135	96	64	47	

(a) Figures for 1958 and earlier are given on the old Standard Industrial Classification, and those from 1959 I on the revised S.I.C. 1959 I is shown on both bases.

(b) Seasonally adjusted.

For changes to this table see page 60.

Table 11. Metal-using industries : orders ; factory building approvals

	Orders on hand in engineering and electrical industries(a)			Metal-working machine tools : net new orders		Shipbuilding : merchant vessels		Factory building approvals(b)
	Total	For export	For home market	For export	For home market	Orders on hand(a)	New orders(c)	
	January 1958 = 100			£mn(c)		'000 gross tons		Area, mn sq. ft.(c)
1954	97	93	99	4.7	13.9	4,333	159	17.7
1955	106	96	109	4.9	18.8	5,287	582	22.8
1956	104	103	105	5.6	15.3	6,442	619	17.8
1957	101	101	101	5.2	13.6	6,828	420	15.9
1958	89	87	89	4.4	10.6	5,430	124	11.4
1959	90	90	90	4.6	15.5	4,169	80	14.5
1958 I	100	101	100	4.7	11.4	6,331	..	12.0
II	96	95	96	3.4	11.8	5,970	..	10.4
III	92	92	93	4.0	10.1	5,953	..	11.5
IV	89	87	89	5.4	9.1	5,430	..	11.9
1959 I	87	84	88	4.2	11.3	5,103	55	16.1
II	88	86	88	3.3	16.4	4,734	44	13.7
III	88	87	88	4.8	16.4	4,473	48	12.7
IV	90	90	90	6.0	17.9	4,169	172	15.7
1960 I	98	98	98	8.7	31.5	4,044	196	35.3
1959 Oct.	88	88	88	6.5	17.7			
Nov.	89	89	89	8.9	16.5			
Dec.	90	90	90	2.5	19.4			
1960 Jan.	92	92	93	5.9	25.1			
Feb.	96	95	96	10.0	30.0			
March	98	98	98	10.1	39.4			
April	100	100	100	9.1	28.2			
May	102(d)							

(a) At end of period. (b) Great Britain, seasonally adjusted. (c) Quarterly rates or averages. (d) The Board of Trade have revised this series ; the revised figures will be included in the next issue.

Table 12. Changes in the volume of stocks

£ million, 1954 prices, quarterly averages

	Total stocks (a)	Manufacturing and distribution						
		Total	Manufacturing				Distribution	
			Total	Materials and fuel	Work in progress	Finished goods	Wholesale	Retail
Value at end 1958(b)	8.1	6.0	4.2	1.7	1.5	1.0	1.0	0.8
1956	+66	+58	+49	+13	+22	+14	+3	+6
1957	+66	+67	+42	+20	+19	+3	+15	+10
1958	+31	+12	+6	-24	+9	+21	+2	+4
1959	+45	+34	+19	+2	+21	-4	+4	+11
1957 I	+200	+215	+105	+44	+25	+36	+60	+50
II	+85	+75	+50	-29	+57	+22	+30	-5
III	+60	+50	+35	+52	+26	-43	+15	-
IV	-80	-70	-20	+14	-32	-2	-45	-5
1958 I	+90	+100	+50	-34	+25	+59	+20	+30
II	+5	-25	+5	-68	+20	+52	-15	-15
III	+75	+40	-10	+20	+6	-35	+45	+5
IV	-45	-65	-20	-13	-15	+8	-40	-5
1959 I	+15	+35	+10	-16	+12	+14	+5	+20
II	+85	+35	+10	-3	+32	-19	-	+25
III	+80	+30	+20	+28	+24	-32	+15	-5
IV	-	+5	+35	-3	+15	+23	-35	+5
1960 I	+190	+210	+120	+43	+20	+57	+25	+65

(a) This series is seasonally adjusted in table 1.

(b) £ billion.

Table 13. Credit

Quarterly averages

	Hire purchase debt			London Clearing Banks	
	Total	Owing to finance houses	Owing to house-hold goods shops	Advances	Liquidity ratio
	£mn, change in period			per cent	
1953	..	..	..	-10	35.1
1954	..	..	..	+48	33.7
1955	..	..	..	-11	32.5
1956	-21	-8	-13	+15	35.3
1957	+18	+21	-3	-8	35.1
1958	+28	+19	+9	+91	34.0
1959	+75	+50	+25	+167	32.8
1958 I	+3	+13	-10	+36	35.9
II	+18	+23	-5	+112	32.8
III	+12	+8	+4	-2	33.5
IV	+78	+32	+46	+218	33.8
1959 I	+57	+42	+15	+238	32.7
II	+92	+70	+22	+132	31.4
III	+76	+51	+25	+153	32.9
IV	+72	+35	+38	+146	34.1
1960 I	+63	+52	+11	+211	32.6
April	+87	+78	+9	+264	31.4
May	+45	+45	0	-119	31.6
June				-	31.4

For changes to this table see page 60.

Table 14. U.K. imports and exports and changes in imported stocks

Quarterly averages

	Imports				Exports (exc. re-exports)				Adjusted balance of visible trade (a) (b)	Terms of trade import/export	Stock changes of mainly imported commodities				
	Value c.i.f.		Volume		Value f.o.b.		Volume				Total	Total	Food and tobacco	Industrial materials	Fuel
	As recorded	Adjusted (a)	As recorded	Adjusted (a)	As recorded	Adjusted (a)	As recorded	Adjusted (a)							
	£mn.		1954 = 100		£mn.		1954 = 100				£mn.	1954 = 100	Current prices	1954 prices, £mn. c.i.f.	
1950	645	645	89	89	538	538	101	100	- 87	100	- 30.3	- 33.4	- 14.1	- 20.1	+ 0.8
1951	970	970	100	100	640	640	100	98	- 299	113	+ 32.0	+ 19.7	+ 10.4	+ 2.0	+ 7.3
1952	864	864	92	92	641	641	94	92	- 188	106	+ 20.8	+ 20.5	+ 2.1	+ 13.4	+ 5.0
1953	830	830	99	99	639	639	96	94	- 165	100	+ 22.0	+ 16.9	+ 9.6	+ 3.8	+ 3.5
1954	838	838	100	100	662	671	100	100	- 142	100	- 5.0	- 5.0	- 2.1	- 5.7	+ 2.8
1955	965	965	112	112	718	709	107	104	- 227	101	+ 2.0	+ 2.0	- 4.5	+ 1.8	+ 4.7
1956	965	974	111	112	785	779	113	111	- 159	99	- 13.3	- 12.1	- 0.6	- 10.9	- 0.6
1957	1,011	1,003	115	114	823	821	116	114	- 149	96	+ 25.2	+ 21.9	+ 5.9	+ 8.0	+ 8.0
1958	937	936	114	114	794	794	111	110	- 108	90	- 1.3	- 1.0	- 0.3	- 1.5	+ 0.8
1959	998	999	122	123	832	832	116	114	- 134	90	+ 2.9	+ 4.0	- 2.5	- 2.7	+ 9.3
1958 I	928	923	114	113	813	804	113	111	- 83	90	- 27.8	- 19.7	+ 2.3	- 15.5	- 6.5
II	900	911	110	111	767	793	108	110	- 84	90		- 31.5	- 20.7	- 4.9	- 5.8
III	938	945	113	114	776	776	109	107	- 129	90		+ 14.2	- 9.3	+ 17.4	+ 6.1
IV	985	966	121	118	816	798	115	111	- 134	90		+ 33.5	+ 25.0	- 0.7	+ 9.2
1959 I	941	965	117	120	792	783	111	108	- 152	90	- 7.2	+ 2.5	+ 13.6	- 10.6	- 0.4
II	983	960	123	120	845	831	118	114	- 96	89		- 19.1	- 33.0	- 10.0	+ 23.9
III	984	996	119	121	790	833	111	116	- 130	90		+ 8.7	- 18.1	+ 15.1	+ 11.6
IV	1,082	1,074	130	130	902	879	125	120	- 159	91		+ 23.4	+ 27.3	- 4.6	+ 0.7
1960 I	1,125	1,113	..	136	920	912	127	124	- 168	90		- 1.9	+ 10.0	- 10.2	- 1.7
March	1,181	1,080	..	132	924	894	..	121	- 156	89					
April	1,121	1,125	..	136	922	897	..	121	- 195	88					
May	1,171	1,167	..	142	952	894	..	121	- 240	89					
June	1,153	1,110	..	136	825	864	..	117	- 213	88					

(a) Adjusted for dock strikes and other statistical disturbances as well as for seasonal movements and for the different number of working days. Exports exclude lend-lease silver. (b) Exports and re-exports less imports.

Table 15. Volume of U.K. imports, by commodity

Index numbers(a), 1954 = 100

	Food and beverages	Tobacco	Basic materials					Fuels		Semi-manufactures and manufactures mainly for industrial use				Finished manufactures	
			Total	Textile materials	Wood	Pulp	Ores and scrap	Total	Petroleum and products	Total	Iron and steel	Non-ferrous metals	Textile manufactures	Total	Machinery
Value 1959 £mn.	1,437	85	931	273	142	100	123	468	467	661	40	205	98	392	203
1950	92	97	97	110	77	72	88	65	68	86	139	78	121	74	80
1951	101	113	102	96	120	87	82	86	88	111	150	91	152	76	86
1952	91	71	90	88	83	73	90	83	87	97	352	103	71	107	142
1953	102	104	101	110	101	82	95	90	94	86	198	85	65	115	118
1954	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1955	107	111	106	98	114	118	112	121	107	126	363	109	107	122	124
1956	109	102	102	100	92	113	114	115	112	121	379	101	120	136	137
1957	114	103	106	101	101	112	126	114	115	122	215	110	129	152	145
1958	120	101	94	89	89	111	94	124	129	119	139	114	124	166	153
1959	120	97	100	103	98	120	91	143	151	135	136	121	149	201	178
1957 I	126	64	109	132	64	105	109	102	101	119	222	102	133	156	140
II	111	61	107	104	93	117	124	117	117	118	206	104	126	158	140
III	104	136	106	79	141	112	142	125	127	122	209	112	120	142	141
IV	114	151	103	88	107	115	127	112	114	129	222	123	137	153	159
1958 I	120	51	95	98	57	102	104	114	118	125	194	114	139	160	147
II	119	68	92	92	74	110	106	116	121	113	153	107	108	159	147
III	117	133	90	64	126	113	87	128	134	118	116	124	111	169	150
IV	124	152	97	100	100	118	77	137	144	122	93	110	139	178	167
1959 I	128	42	93	110	59	114	74	134	140	120	96	115	135	166	161
II	121	78	100	109	90	115	76	154	162	131	149	121	135	205	191
III	111	105	101	85	135	114	104	144	151	134	134	121	146	209	171
IV	122	163	107	106	108	137	110	142	150	153	163	128	179	225	188
1960 I	127	74	107	111	70	143	118	159	167	166	227	146	196	274	208

(a) Unadjusted.

Table 16. Volume of U.K. exports, by commodity and area

Index numbers, 1954 = 100, seasonally adjusted

	By commodity											By area			
	Food, bever- ages, tobacco	Basic mater- ials, fuels	Manufactures									Sterling area (b)	Other primary pro- ducers	North America	Western Europe
			Total	Metals and engineering					Textiles	Chem- icals	Other manu- factures (a)				
				Total	Metals	Metal goods (a)	Machin- ery	Trans- port equip- ment							
Value 1959 £mn	190	249	2,809	1,918	304	186	857	570	248	293	349	1,374	356	567	911
1950	93	78	106	102	106	191	99	105	125	79	121	94	129	105	94
1951	95	61	105	100	80	103	104	101	126	92	118	101	114	100	90
1952	91	77	96	98	84	97	106	93	94	77	100	91	111	94	89
1953	94	93	96	97	94	105	100	92	103	79	97	94	93	112	96
1954	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1955	106	100	109	110	113	114	110	106	96	117	112	106	102	115	107
1956	115	103	115	118	126	110	117	121	92	126	113	105	113	137	116
1957	124	96	118	121	139	105	120	123	92	137	113	105	120	143	116
1958	121	98	113	118	135	90	114	127	79	135	112	101	114	153	107
1959	118	106	117	121	148	89	118	128	79	155	115	97	110	187	116
1958 I	113	97	114	118	126	93	116	126	87	135	113	105	116	147	107
1958 II	121	92	107	112	128	88	109	118	76	127	107	97	112	147	102
1958 III	128	100	116	123	140	85	117	140	77	143	110	104	119	148	112
1958 IV	119	101	114	120	148	94	113	126	74	133	117	98	110	168	107
1959 I	102	106	110	114	135	82	110	124	74	142	110	90	117	167	109
1959 II	119	107	118	121	130	92	118	135	81	156	115	97	109	197	116
1959 III	130	101	118	122	162	86	119	124	79	164	110	97	108	189	119
1959 IV	131	110	123	127	164	96	123	128	82	160	126	103	108	196	123
1960 I	126	117	127	132	160	95	128	142	85	168	117	99	130	207	127

(a) Unadjusted.

(b) Including Iraq.

Table 17. World industrial production

Index numbers, 1953 = 100, seasonally adjusted

	World (a) (b)	U.S.A.	Canada	U.K.	Continental O.E.E.C. (c)	Western Germany	France	Italy	Belgium	Sweden	Netherlands	Austria	Latin America (a)	Japan (a)	U.S.S.R.
1950	84	84	83	94	82	72	89	78	93	95	88	86	91	55	69
1951	91	90	90	98	92	85	99	89	106	100	91	97	96	74	80
1952	93	93	94	94	94	91	98	91	101	98	91	98	98	82	89
1953	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1954	101	93	100	108	109	112	109	109	106	104	110	114	107	108	113
1955	112	104	110	114	121	129	117	119	116	111	118	133	118	117	127
1956	117	107	120	114	130	139	128	128	123	115	123	138	126	144	141
1957	121	107	120	116	138	147	139	138	123	119	126	146	134	167	155
1958	118	100	117	114	142	152	147	143	115	118	126	150	136	169	170
1959	130	112	127	121	150	162	152	158	119	123	138	156		210	189
1958 I	116	99	117	116	142	151	155	141	119	120	124	153	129	167	
1958 II	116	98	118	114	142	150	154	139	113	120	126	151	135	163	
1958 III	115	103	117	113	142	151	152	142	115	119	127	151	141	166	
1958 IV	124	108	119	115	145	154	152	148	114	120	129	150	140	179	
1959 I	125	112	125	116	145	155	151	153	114	122	133	152	134	190	
1959 II	133	120	128	120	148	159	157	153	118	122	137	152	143	203	
1959 III	126	115	127	122	153	162	160	157	119	122	138	156	139	214	
1959 IV	134	115	130	127	159	171	169	169	124	128	143	159		231	
1960 I	138	121	133	129	163	174	169	179	123	130	151	164		252	
January		122	134	129	161	172	169	172	124	130	148	168		226	
February		121	132	129	162	174	167	181	124	130	152	157		256	
March		120	132	130	164	177	167	185	125	129	152	166		272	
April		120		132	162	176	169		125	129	154	159		256	
May		121		131		175			125	128				255	
June		120													

(a) World, Latin America and Japan are not seasonally adjusted.

(b) Excludes U.S.S.R., Eastern Europe and China.

(c) Excludes Spain.

Table 18. Trade of industrial countries

\$ billion, quarterly averages

	Total (a)			U.S.A.			Canada			U.K.			Continental O.E.E.C. (a)		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	8.29	9.15	-0.86	3.17	2.01	+1.16	0.84	0.76	+0.08	1.65	2.09	-0.44	2.57	4.12	-1.54
1949	8.66	9.03	-0.37	3.02	1.88	+1.14	0.77	0.73	+0.04	1.71	2.13	-0.42	3.03	4.06	-1.03
1950	8.43	9.38	-0.95	2.57	2.40	+0.17	0.77	0.80	-0.03	1.58	1.82	-0.24	3.31	4.12	-0.81
1951	11.32	12.77	-1.45	3.76	2.97	+0.79	1.01	1.05	-0.04	1.90	2.73	-0.84	4.31	5.52	-1.20
1952	11.99	12.43	-0.43	3.80	2.92	+0.89	1.19	1.12	+0.07	1.91	2.43	-0.52	4.77	5.45	-0.68
1953	12.16	12.42	-0.26	3.95	2.95	+1.00	1.15	1.21	-0.06	1.88	2.34	-0.46	4.86	5.32	-0.46
1954	12.61	12.78	-0.17	3.78	2.76	+1.02	1.11	1.14	-0.03	1.94	2.36	-0.42	5.37	5.92	-0.55
1955	13.85	14.52	-0.67	3.89	3.09	+0.80	1.20	1.29	-0.09	2.12	2.72	-0.60	6.14	6.80	-0.66
1956	15.78	16.32	-0.53	4.77	3.44	+1.34	1.32	1.57	-0.25	2.32	2.72	-0.40	6.75	7.78	-1.03
1957	17.22	17.65	-0.43	5.21	3.54	+1.66	1.37	1.59	-0.22	2.42	2.85	-0.43	7.51	8.60	-1.08
1958	16.42	16.37	+0.05	4.46	3.50	+0.96	1.36	1.45	-0.09	2.35	2.65	-0.30	7.52	8.03	-0.50
1959	17.38	17.95	-0.57	4.39	4.12	+0.27	1.42	1.59	-0.17	2.42	2.81	-0.39	8.28	8.54	-0.26
1956 III	15.42	16.00	-0.58	4.71	3.39	+1.32	1.37	1.53	-0.16	2.15	2.62	-0.47	6.57	7.64	-1.07
IV	17.28	17.15	+0.13	5.22	3.44	+1.78	1.43	1.63	-0.20	2.46	2.73	-0.27	7.45	8.45	-1.00
1957 I	17.09	17.90	-0.81	5.44	3.52	+1.92	1.23	1.53	-0.30	2.45	2.96	-0.51	7.32	8.82	-1.50
II	17.37	18.19	-0.82	5.47	3.49	+1.98	1.35	1.75	-0.40	2.47	2.91	-0.44	7.41	8.76	-1.36
III	16.77	17.22	-0.45	4.91	3.50	+1.41	1.47	1.58	-0.11	2.31	2.79	-0.48	7.31	8.28	-0.97
IV	17.61	17.27	+0.34	5.00	3.67	+1.33	1.42	1.48	-0.06	2.45	2.75	-0.30	7.98	8.50	-0.52
1958 I	15.96	16.27	-0.31	4.40	3.44	+0.96	1.18	1.31	-0.13	2.41	2.61	-0.20	7.25	8.11	-0.86
II	16.22	16.28	-0.06	4.57	3.43	+1.14	1.44	1.55	-0.11	2.27	2.55	-0.28	7.25	7.97	-0.72
III	15.85	15.77	+0.08	4.17	3.33	+0.84	1.36	1.39	-0.03	2.30	2.65	-0.35	7.32	7.67	-0.35
IV	17.65	17.17	+0.48	4.71	3.79	+0.92	1.45	1.54	-0.09	2.42	2.77	-0.35	8.27	8.35	-0.08
1959 I	15.62	16.40	-0.78	4.14	3.87	+0.27	1.14	1.38	-0.24	2.31	2.64	-0.33	7.30	7.73	-0.43
II	17.29	18.17	-0.88	4.45	4.17	+0.28	1.49	1.77	-0.28	2.46	2.77	-0.31	8.08	8.52	-0.44
III	17.13	17.67	-0.54	4.35	4.15	+0.20	1.43	1.60	-0.17	2.30	2.77	-0.47	8.15	8.28	-0.13
IV	19.50	19.56	-0.06	4.64	4.29	+0.35	1.61	1.63	-0.03	2.62	3.05	-0.43	9.60	9.64	-0.04
1960 I	19.21	19.93	-0.72	4.89	4.12	+0.78	1.42	1.51	-0.09	2.67	3.15	-0.47	9.35	10.02	-0.67
II										2.61	3.21	-0.60			

) Excludes W. Germany in 1948 and 1949 and Spain throughout.

\$ billion, quarterly averages

	Western Germany			France			Italy			Netherlands			Japan		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	..	..	..	0.50	0.86	-0.36	0.27	0.38	-0.12	0.26	0.47	-0.21	0.06	0.17	-0.11
1949	..	..	..	0.68	0.82	-0.14	0.28	0.39	-0.11	0.34	0.46	-0.13	0.13	0.23	-0.10
1950	0.49	0.67	+0.18	0.76	0.76	—	0.30	0.37	-0.07	0.35	0.51	-0.16	0.20	0.24	-0.04
1951	0.87	0.87	-0.01	1.02	1.11	-0.09	0.41	0.54	-0.13	0.49	0.64	-0.15	0.34	0.50	-0.16
1952	1.00	0.95	+0.05	0.96	1.08	-0.12	0.35	0.58	-0.24	0.53	0.56	-0.03	0.32	0.51	-0.19
1953	1.10	0.94	+0.15	0.95	0.99	-0.04	0.38	0.60	-0.23	0.54	0.59	-0.06	0.32	0.60	-0.28
1954	1.31	1.14	+0.17	1.05	1.06	-0.01	0.41	0.61	-0.20	0.60	0.71	-0.11	0.41	0.60	-0.19
1955	1.53	1.45	+0.09	1.23	1.18	+0.04	0.46	0.68	-0.21	0.67	0.80	-0.13	0.50	0.62	-0.11
1956	1.84	1.65	+0.19	1.13	1.39	-0.25	0.54	0.79	-0.26	0.72	0.93	-0.21	0.62	0.81	-0.18
1957	2.14	1.87	+0.27	1.28	1.54	-0.26	0.63	0.91	-0.27	0.77	1.03	-0.25	0.71	1.07	-0.36
1958	2.20	1.84	+0.36	1.28	1.40	-0.12	0.64	0.80	-0.16	0.81	0.91	-0.10	0.72	0.76	-0.04
1959	2.45	2.12	+0.33	1.40	1.27	+0.13	0.72	0.83	-0.11	0.90	0.98	-0.08	0.86	0.90	-0.04
1956 III	1.82	1.69	+0.13	1.06	1.33	-0.27	0.55	0.76	-0.21	0.70	0.94	-0.24	0.62	0.82	-0.20
IV	2.08	1.83	+0.25	1.23	1.48	-0.25	0.60	0.83	-0.23	0.76	0.99	-0.23	0.72	0.90	-0.18
1957 I	2.00	1.81	+0.19	1.33	1.69	-0.36	0.59	0.92	-0.33	0.76	1.08	-0.32	0.65	1.06	-0.41
II	2.11	1.81	+0.30	1.29	1.68	-0.39	0.63	0.94	-0.31	0.72	1.04	-0.33	0.67	1.28	-0.61
III	2.15	1.87	+0.27	1.16	1.43	-0.27	0.65	0.85	-0.20	0.78	1.01	-0.23	0.77	1.07	-0.30
IV	2.31	2.00	+0.32	1.32	1.36	-0.04	0.67	0.92	-0.25	0.84	0.97	-0.14	0.76	0.87	-0.11
1958 I	2.06	1.82	+0.23	1.27	1.51	-0.24	0.62	0.82	-0.20	0.77	0.87	-0.10	0.71	0.80	-0.09
II	2.13	1.72	+0.41	1.22	1.52	-0.30	0.64	0.81	-0.17	0.76	0.90	-0.14	0.68	0.78	-0.09
III	2.23	1.83	+0.40	1.15	1.26	-0.11	0.65	0.76	-0.11	0.81	0.88	-0.07	0.69	0.73	-0.04
IV	2.39	1.99	+0.40	1.47	1.32	+0.15	0.66	0.82	-0.16	0.88	0.97	-0.09	0.80	0.72	+0.08
1959 I	2.12	1.83	+0.29	1.18	1.20	-0.02	0.64	0.77	-0.13	0.81	0.90	-0.09	0.73	0.79	-0.06
II	2.39	2.08	+0.31	1.42	1.31	+0.11	0.65	0.84	-0.19	0.88	0.99	-0.11	0.81	0.95	-0.14
III	2.45	2.15	+0.30	1.34	1.14	+0.20	0.77	0.82	-0.05	0.89	0.98	-0.09	0.88	0.90	-0.02
IV	2.83	2.42	+0.41	1.68	1.44	+0.23	0.84	0.92	-0.08	1.03	1.06	-0.03	1.03	0.96	+0.07
1960 I	2.72	2.37	+0.35	1.81	1.62	+0.19	0.88	1.16	-0.28	0.98	1.11	-0.13	0.88	1.13	-0.25
II	2.76	2.51	+0.25							0.96	1.13	-0.17	0.93	1.11	-0.18

	Total			Overseas sterling area (excluding oil producers)			Australia			New Zealand			India		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	4.99	5.65	-0.66	2.05	2.43	-0.38	0.41	0.35	+0.06	0.12	0.11	+0.01	0.34	0.43	-0.09
1949	4.86	5.68	-0.82	2.04	2.55	-0.51	0.40	0.40	—	0.14	0.11	+0.03	0.33	0.51	-0.18
1950	5.61	5.30	+0.31	2.24	2.23	+0.02	0.42	0.41	+0.01	0.13	0.11	+0.01	0.29	0.29	—
1951	7.08	7.40	-0.31	2.98	3.19	-0.21	0.51	0.61	-0.10	0.17	0.15	+0.02	0.40	0.45	-0.05
1952	6.23	7.29	-1.06	2.50	2.97	-0.47	0.42	0.49	-0.07	0.17	0.19	-0.03	0.32	0.42	-0.10
1953	6.35	6.44	-0.09	2.41	2.52	-0.11	0.49	0.37	+0.13	0.16	0.13	+0.03	0.28	0.30	-0.02
1954	6.55	6.81	-0.26	2.40	2.66	-0.26	0.41	0.47	-0.05	0.17	0.17	—	0.30	0.32	-0.03
1955	6.98	7.41	-0.43	2.61	3.01	-0.40	0.44	0.54	-0.10	0.18	0.20	-0.02	0.32	0.35	-0.03
1956	7.36	7.85	-0.50	2.72	3.17	-0.45	0.47	0.49	-0.02	0.19	0.19	+0.01	0.32	0.43	-0.11
1957	7.62	8.79	-1.17	2.85	3.50	-0.65	0.55	0.49	+0.06	0.19	0.21	-0.01	0.35	0.56	-0.21
1958	7.19	8.29	-1.09	2.53	3.30	-0.77	0.42	0.51	-0.10	0.17	0.20	-0.02	0.30	0.45	-0.15
1959	7.66	7.98	-0.32	2.87	3.33	-0.46	0.50	0.53	-0.03	0.20	0.16	+0.04	0.33	0.46	-0.13
1956 III	7.09	7.78	-0.69	2.55	3.16	-0.61	0.41	0.48	-0.08	0.18	0.20	-0.02	0.30	0.44	-0.14
IV	7.51	8.09	-0.58	2.89	3.22	-0.32	0.59	0.44	+0.15	0.16	0.18	-0.02	0.35	0.44	-0.09
1957 I	7.84	8.32	-0.48	3.07	3.41	-0.34	0.62	0.45	+0.17	0.23	0.18	+0.04	0.35	0.55	-0.20
II	7.62	8.90	-1.28	2.84	3.53	-0.69	0.57	0.48	+0.09	0.20	0.20	—	0.31	0.60	-0.29
III	7.41	8.90	-1.49	2.68	3.55	-0.87	0.46	0.50	-0.05	0.19	0.23	-0.04	0.37	0.57	-0.20
IV	7.59	9.03	-1.44	2.80	3.51	-0.70	0.55	0.51	+0.05	0.15	0.22	-0.06	0.35	0.51	-0.16
1958 I	7.33	8.37	-1.04	2.65	3.42	-0.77	0.42	0.52	-0.09	0.22	0.20	+0.02	0.30	0.47	-0.17
II	7.02	8.24	-1.22	2.43	3.27	-0.83	0.39	0.51	-0.12	0.19	0.21	-0.01	0.24	0.44	-0.20
III	6.93	8.00	-1.07	2.43	3.15	-0.73	0.37	0.52	-0.16	0.15	0.19	-0.04	0.34	0.42	-0.08
IV	7.48	8.53	-1.05	2.62	3.36	-0.73	0.48	0.51	-0.02	0.14	0.20	-0.06	0.33	0.49	-0.16
1959 I	7.32	7.42	-0.09	2.62	3.08	-0.46	0.46	0.49	-0.03	0.22	0.14	+0.08	0.28	0.46	-0.18
II	7.64	8.00	-0.35	2.81	3.33	-0.51	0.49	0.53	-0.03	0.22	0.15	+0.07	0.28	0.52	-0.24
III	7.53	8.04	-0.51	2.83	3.30	-0.47	0.45	0.53	-0.08	0.17	0.16	+0.01	0.35	0.41	-0.05
IV	8.13	8.48	-0.35	3.21	3.60	-0.39	0.61	0.57	+0.03	0.20	0.19	-0.01	0.40	0.43	-0.03
1960 I				3.15	3.77	-0.62	0.54	0.62	-0.07	0.28	0.18	+0.10	0.33	0.44	-0.11
II							0.52	0.74	-0.22						

\$ billion, quarterly averages															
	South Africa			Latin America excluding Venezuela			Oil producing countries						Others (excluding oil producers)		
	Exports	Imports	Balance	Exports	Imports	Balance	Sterling			Non-Sterling			Exports	Imports	Balance
							Exports	Imports	Balance	Exports	Imports	Balance			
1948	0.15	0.40	-0.25	1.36	1.35	—	0.12	0.12	—	0.58	0.47	+0.11	0.88	1.27	-0.39
1949	0.16	0.34	-0.18	1.15	1.15	—	0.14	0.13	+0.02	0.65	0.48	+0.17	0.88	1.37	-0.49
1950	0.17	0.25	-0.08	1.41	1.24	+0.17	0.19	0.13	+0.06	0.75	0.46	+0.28	1.02	1.23	-0.22
1951	0.22	0.38	-0.15	1.61	1.77	-0.16	0.26	0.16	+0.10	0.85	0.55	+0.30	1.38	1.73	-0.35
1952	0.22	0.34	-0.12	1.40	1.71	-0.31	0.30	0.17	+0.13	0.80	0.59	+0.21	1.22	1.84	-0.62
1953	0.23	0.35	-0.12	1.54	1.41	+0.14	0.32	0.21	+0.12	0.84	0.59	+0.25	1.23	1.72	-0.49
1954	0.26	0.36	-0.10	1.55	1.60	-0.05	0.35	0.20	+0.15	0.98	0.65	+0.33	1.27	1.71	-0.43
1955	0.26	0.37	-0.11	1.53	1.62	-0.09	0.40	0.22	+0.18	1.09	0.72	+0.36	1.36	1.84	-0.48
1956	0.30	0.38	-0.09	1.63	1.67	-0.04	0.42	0.24	+0.18	1.19	0.81	+0.38	1.39	1.96	-0.57
1957	0.32	0.42	-0.10	1.57	1.87	-0.30	0.44	0.25	+0.19	1.28	1.02	+0.25	1.48	2.16	-0.68
1958	0.28	0.43	-0.15	1.47	1.73	-0.26	0.49	0.25	+0.24	1.32	0.96	+0.36	1.38	2.04	-0.66
1959	0.31	0.38	-0.07	1.50	1.55	-0.06	0.50	0.26	+0.24	1.37	0.92	+0.45	1.42	1.92	-0.50
1956 III	0.30	0.37	-0.07	1.58	1.66	-0.08	0.43	0.23	+0.20	1.24	0.78	+0.46	1.29	1.95	-0.66
IV	0.34	0.36	-0.02	1.62	1.78	-0.16	0.37	0.23	+0.14	1.17	0.87	+0.30	1.46	1.99	-0.53
1957 I	0.33	0.41	-0.07	1.68	1.71	-0.03	0.38	0.22	+0.16	1.17	0.95	+0.21	1.53	2.02	-0.48
II	0.32	0.42	-0.10	1.56	1.88	-0.32	0.45	0.24	+0.21	1.30	0.97	+0.32	1.47	2.28	-0.81
III	0.30	0.43	-0.13	1.51	1.91	-0.41	0.48	0.27	+0.21	1.33	1.02	+0.31	1.43	2.16	-0.73
IV	0.34	0.43	-0.09	1.55	1.94	-0.39	0.45	0.26	+0.19	1.30	1.14	+0.16	1.49	2.18	-0.69
1958 I	0.29	0.48	-0.19	1.46	1.67	-0.21	0.48	0.25	+0.24	1.31	0.99	+0.32	1.44	2.03	-0.59
II	0.29	0.45	-0.16	1.46	1.76	-0.30	0.49	0.25	+0.24	1.25	0.92	+0.33	1.39	2.03	-0.64
III	0.26	0.40	-0.15	1.42	1.76	-0.34	0.50	0.25	+0.25	1.33	0.91	+0.42	1.27	1.93	-0.66
IV	0.28	0.38	-0.10	1.53	1.74	-0.21	0.51	0.25	+0.25	1.41	1.01	+0.40	1.43	2.17	-0.74
1959 I	0.28	0.36	-0.08	1.45	1.34	+0.11	0.50	0.26	+0.25	1.43	0.97	+0.46	1.32	1.76	-0.44
II	0.31	0.39	-0.08	1.52	1.58	-0.06	0.50	0.26	+0.24	1.28	0.90	+0.38	1.53	1.92	-0.39
III	0.30	0.36	-0.06	1.56	1.68	-0.12	0.50	0.26	+0.24	1.30	0.89	+0.40	1.34	1.91	-0.57
IV	0.34	0.39	-0.05	1.46	1.61	-0.15	0.49	0.27	+0.22	1.47	0.91	+0.56	1.50	2.09	-0.59
1960 I	0.32	0.42	-0.10	1.49	1.59	-0.10									
II	0.33	0.45	-0.12												

Table 20. Industrial countries : imports by volume and import and export prices

Index numbers, 1953 = 100

	Volume of imports						Import prices				Export prices				
	U.S.A.	U.K.	OECE. incl. U.K.		Western Germany	France	U.S.A.	U.K.	Western Germany	France	U.S.A.	U.K.	Western Germany	France	Japan
			From outside	Intra-trade											
1950	92	90	92	84	73	90	88	84	98	87	88	84	78	82	82
1951	91	101	92	92	75	101	111	112	123	114	101	99	98	96	122
1952	96	93	96	90	90	100	105	110	113	111	100	104	104	103	108
1953	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1954	93	101	107	112	123	109	103	99	98	99	99	99	98	94	97
1955	103	113	120	127	153	123	102	102	100	98	100	101	98	95	93
1956	112	112	130	135	172	143	104	104	102	99	103	105	101	100	96
1957	115	116	138	144	193	151	105	106	103	104	107	110	104	102	97
1958	119	116	138	142	206	150	100	98	94	95	106	109	103	98	91
1959	142	124	144	163	248	147	98	97	90	88	107	108	100	90	91
1956 I	113	115	123	124	151	130	104	104	101	99	104	104	100	97	95
II	110	114	133	137	170	150	104	105	103	100	103	104	100	100	96
III	111	108	128	130	174	140	104	102	102	98	103	105	102	101	97
IV	114	110	133	149	193	150	105	106	101	101	104	106	102	101	97
1957 I	113	119	142	144	185	163	107	109	104	106	107	109	103	103	99
II	111	115	141	141	184	164	106	109	104	105	107	109	104	103	98
III	115	113	133	139	191	139	105	105	103	105	107	111	104	103	97
IV	120	116	138	151	211	139	104	101	100	100	108	110	104	98	95
1958 I	115	114	137	139	198	160	102	98	98	96	107	109	103	98	93
II	115	112	136	140	191	163	101	98	95	95	106	109	103	99	91
III	115	115	135	139	209	134	100	97	93	96	105	109	103	98	90
IV	131	122	145	152	228	143	99	98	92	94	106	108	102	96	89
1959 I	134	118	138	144	210	140	98	97	92	87	107	108	101	87	89
II	144	125	147	160	243	151	98	96	90	88	107	108	101	90	90
III	143	121	142	158	253	132	98	97	90	88	107	107	100	90	91
IV	146	132	156	189	285	166	99	99	90	89	107	109	100	92	93
1960 I		138			278	184	100	99	90	89	108	110	101	94	94

Table 21. Industrial countries' exports of manufactures

	Volume							Value, total	Shares					
	Total	U.S.A. (a)	U.K.	Western Germany	France	Japan	Others (b)		U.S.A. (a)	U.K.	Western Germany	France	Japan	Others (b)
	Index numbers, 1953 = 100								\$ bn., quarterly averages	Per cent of total value				
1950	86	86	110	42	98	81	84	5.0	27.3	25.5	7.3	9.9	3.4	26.6
1951	100	103	109	72	118	89	100	7.0	26.6	21.9	10.0	10.0	4.3	27.2
1952	98	102	100	89	95	94	98	6.9	26.2	21.5	12.0	9.2	3.8	27.3
1953	100	100	100	100	100	100	100	6.9	25.9	21.2	13.3	9.0	3.8	26.8
1954	111	106	104	123	110	140	108	7.4	25.2	20.3	14.8	9.0	4.7	26.0
1955	125	115	113	149	123	186	122	8.5	24.5	19.6	15.4	9.3	5.1	26.1
1956	136	128	120	174	114	222	133	9.6	25.3	19.0	16.4	7.8	5.7	25.8
1957	146	135	123	201	128	250	140	10.7	25.4	18.0	17.5	8.0	6.0	25.1
1958	145	122	118	212	139	255	143	10.5	23.3	17.8	18.6	8.6	6.0	25.7
1959	158	120	122	233	170	303	159	11.3	21.3	17.3	19.1	9.2	6.7	26.4
1957 I	144	135	125	183	134	265	137	10.5	25.7	18.4	16.4	8.6	5.5	25.3
II	149	147	126	198	132	240	140	10.9	26.8	18.1	16.9	8.2	5.5	24.6
III	143	128	118	201	115	269	139	10.4	24.8	17.8	18.2	7.4	6.6	25.2
IV	150	132	122	222	133	265	144	10.9	24.5	17.6	18.6	7.8	6.2	25.3
1958 I	141	123	121	195	134	255	135	10.3	24.2	18.6	17.4	8.5	6.1	25.2
II	144	127	115	210	130	246	142	10.4	24.4	17.5	18.1	8.3	5.8	25.9
III	141	113	116	214	125	239	141	10.1	22.3	18.1	19.6	8.1	5.9	26.0
IV	154	123	120	230	165	279	153	11.1	22.5	17.0	19.1	9.5	6.1	25.8
1959 I	143	115	116	205	149	263	139	10.2	23.1	18.4	18.3	8.7	6.2	25.2
II	157	122	125	230	174	290	155	11.4	21.9	17.8	18.7	9.5	6.4	25.8
III	155	116	117	231	159	305	160	11.1	21.3	16.8	19.5	8.8	6.9	26.7
IV	176	126	129	268	198	352	182	12.7	19.3	16.6	19.9	9.8	7.1	27.5
1960 I	174		134	256	210	294		12.8	20.8	17.0	18.8	10.6	6.0	26.8

(1) Excluding special category.

(b) Belgium-Luxembourg, Canada, Italy, Netherlands, Sweden and Switzerland.

Table 22. The United States^(a)Quarterly averages, seasonally adjusted ^(b)

	Gross national product	Consumers' expenditure		Public spending on goods and services		Gross private fixed investment		Value of physical changes in stocks	Net foreign investment	Durable goods		Building and contracting orders	Unemployment (c)	Employment (b)	Consumer prices (b)
		Durable goods	Other goods and services	Federal	Other	Dwellings	Other			Manufacturers' sales	Manufacturers' new orders				
\$ billion, at constant 1954 prices										\$ billion at current prices		per cent	millions	1954 = 100	
1950	79.5	8.03	46.2	6.2	5.88	3.88	8.30	1.80	-0.70	26.41	30.95	4.6	5.0	59.96	89.5
1951	85.5	7.30	47.4	10.4	6.03	3.23	8.80	2.43	0.03	31.13	38.03	5.0	3.0	61.01	96.7
1952	88.4	7.13	49.0	13.7	6.13	3.20	8.75	0.75	-0.05	32.81	35.06	5.3	2.7	61.04	98.9
1953	92.3	8.28	50.5	15.1	6.38	3.40	9.13	0.13	-0.63	37.13	33.10	5.6	2.5	61.95	99.7
1954	90.8	8.10	51.4	12.2	6.93	3.85	8.78	-0.40	-0.10	33.71	30.47	6.3	5.0	60.89	100.0
1955	98.2	9.90	54.1	11.3	7.43	4.55	9.55	1.53	-0.15	39.24	41.56	7.6	4.0	62.94	99.7
1956	100.2	9.50	56.6	10.4	7.65	4.05	10.28	1.13	0.63	41.42	43.33	7.9	3.8	64.71	101.2
1957	102.1	9.63	58.1	10.7	8.08	3.85	10.28	0.50	0.95	42.48	39.26	8.0	4.3	65.01	104.7
1958	99.8	8.93	59.4	11.0	8.60	4.05	8.63	-0.89	0	37.21	36.43	8.8	6.8	63.97	107.6
1959	106.5	10.05	61.9	11.0	9.13	4.85	9.12	1.10	-0.65	43.57	44.81	9.1	5.5	65.58	108.6
1958 I	97.8	8.80	58.4	10.7	8.43	3.85	9.00	-1.60	0.20	36.35	32.88	7.8	6.5	62.18	106.9
1958 II	98.3	8.75	59.0	11.0	8.45	3.83	8.53	-1.33	0.03	35.26	34.50	9.0	7.2	63.98	107.7
1958 III	100.2	8.83	59.9	11.1	8.65	4.08	8.40	-0.80	0.13	37.36	37.55	9.8	7.4	65.06	107.8
1958 IV	102.7	9.38	60.2	11.3	8.88	4.45	8.53	0.28	-0.35	39.85	40.78	8.7	6.4	64.64	107.8
1959 I	105.2	9.70	60.9	11.2	9.10	4.83	8.70	1.43	-0.68	41.81	44.14	9.1	6.0	63.09	107.8
1959 II	108.0	10.30	61.8	11.3	9.10	5.05	9.05	2.38	-0.88	46.45	47.17	9.7	5.1	66.12	108.4
1959 III	106.1	10.15	62.1	11.0	9.30	4.93	9.33	-0.15	-0.48	43.51	44.21	9.1	5.4	67.06	108.9
1959 IV	106.7	10.05	62.7	10.7	9.08	4.60	9.40	0.70	-0.55	42.54	43.59	8.8	5.8	66.06	109.3
1960 I	109.8	10.28	63.1	10.6	9.43	4.55	9.75	2.30	-0.18	46.28	43.47	8.4	5.1	64.27	109.4
January						5.41(d)				46.35	42.57	8.2	5.2	64.02	109.2
February						5.34(d)				47.01	44.40	8.5	4.8	64.52	109.4
March						5.24(d)				45.51	43.92	8.4	5.4	64.27	109.5
April						5.25(d)				45.30	43.32	9.3	5.0	66.16	109.9
May						5.25(d)							4.9	67.21	

(a) The U.S. index of industrial production is shown in table 17. (b) Employment and consumer prices are not seasonally adjusted. (c) Per cent of civilian labour force. (d) Figures at current prices.

Table 23. Balance of payments : United Kingdom and sterling area

£ million

£ million

	U.K. current transactions				U.K. long-term capital		Balancing item	U.K. short-term capital, etc.					Sterling-area balance with non-sterling world		
	Imports	Exports	Invisibles	Balance	Inter-Government etc.	Other		Overseas sterling holdings			Reserves (a)	Other short-term capital	U.K. current balance	Overseas sterling area	
								Countries		Non-territorial				Current balance	Net capital receipts
								Sterling area	Other						
1952	2,959	2,831	+355	+227	—	—180	+48	—104	—254	+1	+175	+87	—121	—75	+257
1953	2,896	2,677	+398	+179	—31	—210	+45	+235	+39	—56	—240	+39	+27	+146	+151
1954	3,020	2,825	+399	+204	—20	—220	+19	+106	+104	—35	—87	—71	—56	+22	+152
1955	3,432	3,076	+264	—92	—53	—130	+119	—60	—67	—7	+229	+61	—287	+7	+136
1956	3,466	3,402	+256	+192	—51	—190	+112	—34	—120	+200(b)	—42(b)	—67	—154	+59	+158
1957	3,569	3,538	+265	+234	+63 (e)	—260	+160	—122	—27	—24	—13(c)	—11	—133	—132	+283
1958	3,330	3,428	+251	+349	—49	—210	+123	—89	+169	—22	—284	+13	—78	—214	+392
1959	3,605	3,547	+203	+145	—358 (e)	—190	+40	+184	—39	+82(d) (e)	+119(d) (e)	+17	—74	+31	+306
1958 I	828	885	+84	+141	—1	—30	+97	—69	+39	+5	—177	—5	} —10	—95	+206
1958 II	800	836	+49	+85	—15	—70	+56	—2	+33	—19	—110	+42			
1958 III	845	838	+93	+86	+3	—60	—19	—45	+39	+5	—15	+6			
1958 IV	857	870	+24	+37	—36	—50	—11	+27	+58	—13	+18	—30			
1959 I	865	848	+36	+19	—19	—30	+84	+55	—71	—85(d)	—25(d)	+72	} +37	+34	+169
1959 II	884	901	+79	+96	—179 (e)	—50	—20	+75	—46	+171(e)	—12(e)	—35			
1959 III	892	851	+89	+48	—24	—50	—5	+27	+43	—4	—40	+5			
1959 IV	964	947	—1	—18	—136(f)	—60	—19	+27	+35	—	+196(f)	—25			
1960 I	973	976	+43	+46	—16	} —8		—34	+19	—17	—16	+26	} —111	—3	+137
1960 II															

(a) A plus sign denotes a fall in the reserves and a minus sign a rise.

(b) U.K. acquired U.S. dollars to the value of £201 million from the International Monetary Fund (I.M.F.) in exchange for sterling.

(c) U.K. borrowed £89 million from Export/Import Bank.

(d) U.K. repurchased from I.M.F. with U.S. dollars, sterling to the value of £71 million.

(e) U.K. paid to I.M.F. a subscription of £232 million (£174 million in sterling and £58 million in gold).

(f) U.K. repaid £89 million to Export/Import Bank.

(a) See *National Institute Economic Review*, No. 1, page 32, and No. 5, pages 69-70.

Table 25. Gold and foreign exchange reserves ^(a)

For changes to this table see page 60. (a) At end of period.

NOTES ON STATISTICAL APPENDIX

GENERAL NOTES

Country groups

The following country groups are used ; they include all the countries listed against them, unless stated otherwise.

Industrial countries : USA, Canada, UK, Continental OEEC, and Japan.

North America : USA and Canada only.

OEEC : Austria, Belgium-Luxembourg, Denmark, France, West Germany, Greece, Iceland, Irish Republic, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, UK.

Continental OEEC : Excludes sterling area countries—Irish Republic, Iceland, and UK.

Western Europe : Continental OEEC, Yugoslavia and Finland.

Primary producing countries : All countries not included as industrial countries above, except for Eastern area, Yugoslavia and Finland.

Overseas sterling area : The British Commonwealth (except Canada), British Trust Territories, British Protectorates and Protected States, Burma, Irish Republic, Iceland, Jordan, Libya, Muscat and Oman.

Latin America : Central America, including Mexico but excluding the Panama Canal zone, and South American countries excluding European possessions.

Oil-producing countries, sterling : British-protected Persian Gulf States (including Kuwait) and Aden, Sarawak, Brunei and Trinidad.

Oil-producing countries, non-sterling : Iraq, Iran, Saudi Arabia, Venezuela and the Netherlands Antilles.

Other primary producing countries : All primary producing countries not included elsewhere.

Eastern area : Albania, Bulgaria, Czechoslovakia, Eastern Germany, Hungary, North Korea, North Vietnam, Poland, Roumania, Union of Soviet Socialist Republics, and the People's Republic of China.

Valuation of imports and exports

Imports are valued c.i.f. and exports and re-exports f.o.b. unless otherwise stated.

Seasonal adjustments

A number of monthly and quarterly series have been adjusted to eliminate the estimated normal seasonal variations. The procedures used and the reliability of the adjustments were described in the article 'Seasonal corrections' in the September 1959 issue of the Review (No. 5), on pages 50-56. Additional seasonal correction factors were given on page 61 of the November 1959 issue (No. 6) and page 59 of the January 1960 number (No. 7). The main point to be noted is that all seasonally adjusted series must be regarded as containing a margin of uncertainty, depending in particular on the extent to which seasonal variation can be shown to have been regular in the past.

NEW OR REVISED SERIES

(Full definitions and explanations were given in the *National Institute Economic Review*, number 8, March 1960, pages 52-56. An article on pages 36-38 of the Review, number 1, January 1959, explained the figures in table 14 for stock changes of imported commodities, and an article on pages 32-35 of that number explained the NIESR price index numbers in table 24. The notes on page 44 of the May issue of the Review described revisions or new figures. The notes below describe some further revisions.)

Table 10. Construction orders and work done.

Up to the end of 1958 figures are based on the old Standard Industrial Classification. The revised Standard Industrial Classification is introduced from the beginning

of 1959, the first quarter figures being shown on both bases.

The series for Contractors' work done is now seasonally adjusted.

Table 13. Credit.

London clearing banks liquidity ratio

Balances at the Bank of England exclude special deposits.

Table 25. Gold and foreign exchange reserves.

For Pakistan assets of the Banking Department of the State Bank are now included, in addition to those of the Issue Department.